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CREDIT AND PAYMENT TERMS IN FOREIGN COUNTRIES

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CREDIT AND PAYMENT TERMS IN FOREIGN COUNTRIES

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FOREWORD

The foreign trade of this country, just as its domestic trade, must be transacted to a very large extent by the seller granting credit accommodation to buyers entitled to and worthy of such accommodation. Uniformity of foreign selling terms is being sought by many groups of exporters in order to avoid competition in the field of credit. This does not mean standardization nor rigidity; rather, it implies recognition of existing practices, and the difficulties resulting from too much variance.

The foreign traders of this country are fortunate in having many reliable sources of foreign credit information available to them. The Bureau of Foreign and Domestic Commerce publishes a bulletin entitled "Sources of Foreign Credit Information" which gives valuable data in pointing out sources which our traders can make use of in rating the foreign buyer as a credit risk. The present bulletin, a companion to the one just named, will probably be of even greater assistance. This bulletin, prepared as the result of personal study on the part of the foreign field men of the staffs of the Department of State and the Department of Commerce, sets forth the methods of payment usual in each of the foreign countries and terms usual in the granting of credit, in order to emphasize the differences in respect to various countries and localities and in respect to the purchase of different commodities. A publication of this character should be of great value to every American foreign trader.

FREDERICK M. FEIKER, *Director,*
Bureau of Foreign and Domestic Commerce.

JULY, 1931.

CREDIT AND PAYMENT TERMS IN FOREIGN COUNTRIES

INTRODUCTION

E. E. Schnellbacher, Assistant Chief, Commercial Intelligence Division

A sound policy in respect to the extension of credit accommodations to oversea buyers of American products is essential to successful and permanent trade. All sales by American suppliers to buyers overseas are not on a credit basis, but just as a large volume of selling in this country is to dealers who expect credit accommodations, and it is found mutually profitable to buyer and seller to operate on a credit basis, so also does this condition exist in trading with buyers abroad.

Competition with trade rivals on credit terms is rarely, if ever, justified, and American exporters should investigate with considerable care recommendations of their foreign sales agents to meet long-term credit offerings of European sellers in the world's markets, unless there can be shown a justification for long unsecured credit terms based on a definite knowledge by the grantor as to why long-term accommodation is required by the buyer, as well as his ability to meet the obligation when due.

Lack of attention on the part of the American exporter to this important feature of selling in the markets abroad not only works to the disadvantage of the individual exporter, but makes it difficult for the experienced and careful exporter to sell freely, as such conditions produce competition in credit terms not justified and extremely unsound.

TERMS USUAL IN SALES ABROAD

It is important to know what terms are usual in the sale of American products abroad and what factors influence such terms. An exporter who has firmly established his product in a particular foreign country has probably established, along with his sales work, certain definite terms to be granted to customers of the same branch of business and of the same standing. He recognizes that the granting of certain terms to one importer obligates him to give the same consideration to another importer in the same market, although it may seem likely that one importer might be regarded as a more important medium of distribution than the other. Assuming that there are good reasons why exporters must be prepared to give credit, there are equally good reasons why similar firms trading in the same branch of business should be accorded similar treatment.

DETERMINING THE USUAL TERMS

In attempting to arrive at the "usual" terms prevailing in a market, one's deductions must be drawn from transactions based on long experience. There is, in fact, no rule that can be applied in determining the terms that are to be granted to a certain buyer of a

certain commodity in a given market. Firms of inferior standing are likely to demand long credit—frequently on the argument that foreign competitors are offering more favorable credit treatment. American exporters are generally regarded as opposed to granting extended credit. Individual transactions must be considered as such, from a credit standpoint, and in order to meet economic conditions in the land of the buyer it may at times be necessary for the exporter to deviate from a definitely established credit policy.

From an individual as well as from a national standpoint, the measure of credit takes into consideration the average rate of turnover in a particular business and the time involved in shipping merchandise from the point of manufacture or origin to the foreign distributor's door. Exporters may also make their deductions from the usual terms generally granted to firms in the same branch of business and of the same relative financial standing.

THE INDIVIDUAL IMPORTER

Consideration of the individual importer is exemplified in the case of the large importing houses which have been long established, are firmly entrenched commercially, and are of high reputation locally. These houses prefer to be sold on an open-account or cash basis, with documents sent directly to them instead of to banks. Such firms expect and are granted regular discounts, and there is probably no doubt that this method prevents delays in the delivery of documents, avoids storage charges, and saves collection fees.

The commodity itself is of prime importance and is one of the chief determining factors in the measure of credit. Agricultural equipment, for example, is frequently regarded as a commodity necessitating the granting of liberal and long terms. On the other hand, perishable commodities such as certain foodstuffs, are never the subject of extended terms, payment usually being arranged for on a cash-in-advance or letter-of-credit basis. Machinery or special equipment built according to specifications is usually sold only against the most secured basis of payment possible under the circumstances; the distinction between capital goods and consumer goods must be considered.

The law of supply and demand is a potent factor in fixing terms given and received. If there is a great demand for a particular article, importers are generally willing to agree to strict terms. If the commodity is practically the product of a monopoly, cash in advance might well be demanded and received.

On the other hand, highly competitive goods must meet the terms usual in the foreign market; if that market is a price market, which is usually the result of extreme competition, credit terms are often the chief factor in getting business.

For a product that is well known on a foreign market and has been sold there for many years there may be sufficient demand to enable the importers to purchase on a cash or short-term basis, long credit not being needed or demanded. However, if the producer is able to turn out considerably more of this product than a market can consume and is seeking foreign outlets extensively, his eagerness and ability may place the foreign buyer in a position to demand long credits as well as discounts. Commodities which by their very nature might be sufficiently in demand to be sold on a cash basis could be

produced so extensively that credit terms must be given to foreign dealers; the importer will demand terms because he knows the sellers or producers must maintain a certain production record in order to utilize their equipment.

There is much to be said about the degree of confidence existing between the buyer and seller, and this does not necessarily depend upon the actual financial standing or commercial reputation of the buyer. Long-established relationship between these two entities have their influence. Many American companies periodically send representatives to call on foreign agents and strengthen the friendship already well developed. These representatives not only function as salesmen and instructors for the foreign distributors but often are in a position to recognize that the foreign distributor must meet a situation which calls for a lengthened credit, which the representative recommends and which might otherwise be refused by the American seller.

In this connection, consider also the selection of a thoroughly reliable resident sales agent or representative who plays the dual part of developing business in his particular market as well as enhancing the sales of his American principal. The advice of a competent representative commission agent in the matter of terms is generally as valuable as information obtained from regular credit sources, as it has been definitely shown that the financial strength of the foreign buyer is only one factor to be considered in the granting of terms. The foreign sales agent may be directly responsible for losses sustained by American firms or he may be in a position to protect his principals from credit losses and also save the American firm's interest by eliminating doubtful accounts, recommending extension of credit where credit is deserved, and maintaining a high sales volume for the American exporter. The American manufacturer must adapt himself to the local requirements, practices, and usages of a foreign market. The foreign agent or distributor should be one who is not only familiar with the commercial customs of his territory but who is also sympathetic with the problems of his principal, especially the latter's ignorance of certain factors which can be made known to the exporter only by a competent representative.

Whenever possible, in the succeeding pages terms offered by foreign competitors have been shown, as well as those granted by American exporters. In one or two areas participation by American exporters is so limited that the example of American terms is not a criterion of the true situation, and only the terms granted by the leading foreign exporters to those areas are shown.

Several years ago a report on terms was compiled after exhaustive research in this country, the information based largely on data supplied by American exporters. Since that time additional material has been obtained, and each of the field officers listed herein was requested to prepare a report for his territory. The results were further tabulated and checked, and are now published as the representative opinions of the officers of the Consular Service of the State Department, the Foreign Service of the Department of Commerce, and American export trade.

In conclusion, it must be kept in mind that credit "practice" implies standardization, and that, in turn, implies rigidity. The proper conduct of credit is based on the knowledge of the usual, the generally accepted, terms; but strict adherence to the "usual" may

mean the quitting of the offensive, and a weak or no policy means confusion and inconsistency. The best credit policy, then, must be sufficiently flexible to meet individual cases, or uncommon conditions, without being inconstant; it must incline to the necessity for revision to meet a different or unusual situation, yet, withal, it should ever be strongly influenced by the usual terms, under normal conditions.

BRITISH EAST AFRICA

Consul K. de G. MacVitty, Nairobi

Commodity	Terms
Agricultural implements	60 to 90 days after sight, documents against acceptance.
Automotive accessories	Do.
Building material	60 days after sight, documents against acceptance.
Druggists' sundries	Do.
Footwear	Do.
Groceries and provisions	Do.
Hardware	60 to 90 days after sight, documents against acceptance.
Hides and leather	Sight draft, documents against payment.
Motor Vehicles	90 to 180 days after sight, documents against acceptance.
Office equipment	60 days after sight, documents against acceptance.
Piece goods	90 days after sight, documents against acceptance.
Radio apparatus	Sight draft, documents against payment.
Stationery, books, etc	60 days after sight, documents against acceptance.
Wearing apparel	60 to 90 days after sight, documents against acceptance.

The usual terms granted by American exporters to East African firms are cash against documents, although a large share of the business with this area is arranged on a credit basis involving terms of from 60 to 90 day sight drafts to well-established and reputable firms.

TERMS GRANTED BY FOREIGN FIRMS

Germany grants the longest credit terms to the merchants and importers of East Africa, 6 to 9 months' credit being common. England grants from 3 to 6 months; Japan, 3 months; and Italy and France, 3 to 6 months.

British export and import houses carry on the trade with the natives and give distribution through their trading stations; these firms are readily granted credit because of their reputation and standing in the trade. Manufacturers' representatives are appointed in Nairobi and Mombasa, Kenya Colony, or Dar-es-Salaam, Tanganyika Territory, which maintain subagencies or have traveling representatives to give distribution to their lines in Kenya Colony, Uganda, Tanganyika Territory, and Zanzibar.

BRITISH WEST AFRICA

Trade Commissioner Leonard J. Schwarz, Accra, Gold Coast

Importing in the Gold Coast Colony may be classed under two principal headings—Government and private. The Government buys almost entirely through the Crown agents in London, and may therefore be omitted from this discussion.

Private importing interests are usually in the form of British or Continental trading companies. All the larger trading firms in the Gold Coast Colony, and in the adjoining colonies of Nigeria, Ivory Coast, and Togoland, are merely branches of their several home offices and have no part in the purchasing or financing of the merchandise which they sell. These branches effect the transfer of money to Europe or the Continent by turning their cash into colonial produce, thus getting their money to the respective home offices at a profit.

An exception to the above is the small element of alien traders operating in West Africa. Banks usually recommend either a strictly cash basis or 25 per cent cash, the balance arranged on a basis of documents against acceptance. Most of their purchasing is done through the wholesale branches of the local trading firms rather than directly with foreign shippers. There is also a small proportion of European and native merchants who are not buyers of colonial produce. These are anxious to get the most favorable terms obtainable, which in practice usually amounts to documents against payment or documents against acceptance.

Local native traders are dealt with on a cash basis.

ALBANIA

Secretary of American Legation, Julius C. Holmes, Tirana

American exporters have usually adopted a policy of demanding that an irrevocable credit be opened in a bank in the United States before shipment is made. In some cases goods are shipped against documents after careful investigation of the purchaser. A different policy is followed in the case of firms which have become established connections.

Credit terms granted Albanian importers by European firms vary considerably and there is no standard followed by sellers of similar products. Automobiles, for example, are sold by one concern on a cash basis, by another with 30, 60, or even 90 days' credit, and by another on consignment. The most common terms offered by Italian, German, and Czechoslovak firms are 60 to 90 days.

European manufacturers have, as a rule, been much more liberal in granting credit terms than have American houses. This is possible because the German, Czechoslovak, or Italian shipper has traveling representatives who make regular visits to local concerns and are able to enforce collections.

ALGERIA

Consul Oscar S. Heizer, Algiers

Commodity	American terms	Foreign terms
Agricultural equipment	90 to 180 days after date	German, 1 year.
Automotive accessories	60 to 90 days after date	
Construction machinery	Sight draft, documents against payment.	
Druggists' sundries	60 to 90 days after date	English, 60 to 90 days after date.
Electrical supplies	70 to 90 days after date	Italian, 60 days after date.
Foodstuffs	Sight draft, documents against payment.	Sight draft, documents against payment 50 per cent.
Fuel	Letter of credit	Letter of credit.
Furniture	90 days after date	
Groceries and provisions	60 to 90 days after date	Sight draft, documents against payment 50 per cent.
Hardware	Sight draft, documents against payment.	German, 6 months.
Industrial chemicals	do	30 days after sight.
Industrial machinery	do	German, 1 year.
Jewelry		Cash.
Motor vehicles	Sight draft, documents against payment.	3 to 6 months.
Notions and novelties	do	Sight draft, documents against payment.
Office equipment	90 days after date	German, 6 months.
Packing-house products	Sight draft, documents against payment.	Sight draft, documents against payment.
Piece goods	do	English, open account.
Radio apparatus	do	German, 6 months.
Railway meterial	do	German, up to 2 years.
Sporting goods	do	English, sight drafts, documents against payment.
Tobacco	do	Sight draft, documents against payment.
Wearing apparel	do	Do.

There is also to be considered the combination of time and cash (or sight draft), which appears to be suitable in many cases where goods are to be shipped c. i. f. The purchaser pays a percentage from 25 per cent upward, either in cash with order or through a bank against documents. At the port of arrival he receives from the local bank the necessary documents against an accepted bill for the agreed date of payment. This course has much to recommend it from the point of security and has found considerable favor locally.

In Algeria most of the import trade is done with France, whose terms are not shown in the above table. For all ordinary commodities they are the equivalent of 30 days after sight, after the arrival of the goods. For the goods with a slow turnover 60 days after sight is the rule; 90 days after sight is more rarely given, because when credit arrives at that point consignment is often practiced. As a general rule, consignment is not counseled for American firms, though there are exceptional cases where it might be used to the benefit of American trade. With French firms it is a frequent practice, and trouble rarely occurs.

In an undeveloped country such as Algeria, the question of credit is bound to be exceedingly intricate. Moreover, in Algeria it can not be dissociated from the same question in the neighboring territories of Tunisia and Morocco, which with it constitute French North Africa—a region 1,000 miles in width and of uncertain depth. Commercially it is from many points of view a single area, of which Algiers is the capital and economic center. But the white population is less than 1,500,000, and with few exceptions the natives do not possess the qualifications which would entitle them to do business direct with American firms.

The estimated division of imports according to methods of payment is as follows:

	Per cent
Open account	0. 5
Cash, including cash with order or cash at time of shipment	6. 0
Sight draft	10. 5
Time draft	65. 0
Credit or letter of credit	8. 0
Consignment	10. 0

ARABIA

Vice Consul Cloyce K. Huston, Aden

In the majority of cases American manufacturers and exporters demand cash against documents for goods shipped to Aden and the surrounding territory. Practically the only exceptions to this general rule are found in automobile shipments, in which case local importers are usually required to open credits in New York.

American firms are generally considered in this market to be more exacting in credit and payment terms than any other country. All importations from Germany and Austria are paid for at 30 days after sight, interest being charged at the rate of 6 per cent. Other European countries ship their goods for payment at 15 to 30 days after sight.

China and Japan seem to offer the best terms of payment. Goods are shipped on consignment to local concerns, the goods to be sold and payment to be made within one month, without interest. Payment is made through a local shipping firm engaging in certain

unofficial banking operations. Local importers are much pleased with this arrangement and say that no other country affords such easy conditions of payment. It is significant that the great bulk of the importations of textiles, which head the list of local imports, now comes from China and Japan.

The percentage of the importing into this territory that is done on the basis of each of the various terms of sale in general use is difficult to estimate. General observation suggests that they might be given as follows:

	Per cent
Own account	2
Cash, including cash with order or cash at time of shipment	8
Sight draft	22
Time draft	40
Letter of credit	10
Consignment	18

ARGENTINA

Assistant Commercial Attaché James G. Burke, Buenos Aires

Commodity	Terms
Agricultural equipment	Long term with agricultural mortgage (Prenda Agraria) as collateral.
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Building material	30 days after sight, documents against acceptance.
Construction machinery	Letter of credit previous to shipment.
Druggists' sundries	90 days after sight, documents against acceptance.
Electrical supplies	Do.
Foodstuffs	60 to 90 days after sight, documents against acceptance, with exception of perishables.
Footwear	Do.
Fresh fruits and vegetables	Cash in the United States.
Fuel oil, ores, etc	90 days after sight, documents against acceptance.
Furniture	60 to 90 days after sight, documents against acceptance.
Groceries and provisions	Cash against documents.
Hardware	90 days after sight, documents against acceptance.
Hides and leather	Do.
Industrial chemicals	30 days after sight, documents against acceptance.
Industrial machinery	Cash in United States or cash against documents.
Jewelry	60 to 90 days after sight, documents against acceptance.
Motor vehicles	Cash against documents.
Notions and novelties	60 to 90 days after sight, documents against acceptance.
Office equipment	Do.
Paint and varnish	90 to 120 days after sight, documents against acceptance.
Piece goods	Do.
Plumbing and heating equipment	90 days after sight, documents against acceptance.
Printing machinery and supplies	120 days after sight, documents against acceptance.
Railway material and supplies	90 to 120 days after sight, documents against acceptance.
Sporting goods	60 to 90 days after sight, documents against acceptance.
Stationery, books, etc	Do.
Surgical and precision instruments	90 to 120 days after sight, documents against acceptance.
Theater equipment	30 days after sight, documents against acceptance.
Thread and yarn	90 days after sight, documents against acceptance.
Tobacco	60 to 90 days after sight, documents against acceptance.
Wearing apparel	Do.

AUSTRALIA

In the more important trades, letters of credit are established in the United States. In those cases where a well-established connection has existed, terms of 30 and 60 days after sight, documents against acceptance, are granted. Considerable business is done on a sight-draft basis, and some preference is shown for cash against documents arrangements because of the inducement offered by discount, and a large part of the business is done on that basis. American exporters have found it desirable to be liberal in their terms to Australian importers.

AUSTRIA

Commercial Attaché Gardner Richardson, Vienna

Commodity	Terms
Agricultural equipment	90 days after sight, documents against acceptance; heavy machinery up to 160 days, cash discount 2 per cent. In special cases 12 to 18 month installments, after 6 months interest of 9 per cent per annum charged on outstanding amounts.
Automotive accessories	60 to 90 days after sight, documents against acceptance; 120 days not unusual; 5 per cent cash discount.
Construction machinery	Terms vary considerably; long credits, up to 24 months, are allowed.
Druggists' sundries	30 to 60 days after sight, documents against acceptance; 2 per cent discount on cash payments.
Electrical supplies	90 to 180 days after sight, documents against acceptance; 12 to 20 monthly installments, financed by factories, frequent. In case of large orders (power plants), manufacturer is expected to finance business deal.
Foodstuffs	Canned goods, 30 days after sight, documents against acceptance.
Flour	30 days after sight, documents against acceptance; 1½ per cent cash discount.
Fresh fruit	Mostly cash.
Fuel and ores	Cash, 14 days and 30 days after sight, documents against acceptance; also individual arrangements between producers and local importers, who frequently help in financing output of foreign mines.
Hardware	30 to 80 days after sight, documents against acceptance, 2 per cent cash discount; also 90 days and a cash discount of five per cent.
Hides and leather	30, 90, and 120 days after sight, documents against acceptance; cash discount varies up to 5 per cent.
Industrial chemicals	Terms vary according to commodity; some chemicals cash, others 30 days with 2 per cent cash discounts; artificial fertilizers, credits up to 1 year.
Industrial machinery	60 to 90 days after sight, documents against acceptance, and 2 to 5 per cent cash discount; frequent terms are 30 per cent cash on delivery, 30 per cent when machine is put in operation, 40 per cent 45 days after this date; or 30 per cent cash on delivery and 12, 18, or 24 monthly installments. In some cases interest of 6 to 10 per cent is charged for amounts outstanding after period of 3 to 6 months from delivery.
Motor vehicles	Cash basis; a high percentage of retail sales handled by financing houses.
Office equipment	30 to 60 days after sight, documents against acceptance, 2 per cent cash discount.
Packing-house products	Provisions, 14 days open credit, 30 days against wholesalers' acceptance, 90 days against bankers' acceptance; by-products, 30 to 90 days after sight, documents against acceptance.
Paint and varnish	30 to 90 days after sight, documents against acceptance; up to 3 per cent cash discount.
Pneumatic tires	60 days after sight, documents against acceptance; up to 3 per cent cash discount.
Radio apparatus	6 to 12 months; in many cases manufacturers finance installment sales to retail consumer.
Rubber goods	30 days after sight, documents against acceptance; cash discount, 2 to 3 per cent.
Sporting goods	60 to 120 days after sight, documents against acceptance.
Stationary and books	Individual arrangements.
Surgical and precision instruments.	30, 60, 90 days after sight, documents against acceptance. Austrian exporters grant 180 days and more.
Wearing apparel	180 days after sight, documents against acceptance.

The foregoing terms of payment now prevalent in Austria show a great lack of uniformity, and wide discrepancies between different lines of business. They clearly reflect the lack of capital in the Austrian wholesale trade, a greatly reduced capacity of the market, and a constant increase of competition on the part of both Austrian manufacturers and foreign importers. Actual credit conditions in most lines of business are even more elastic than those shown in the table, and in many cases the wholesaler demands a further extension of the credit originally granted to him, such extensions amounting to 1, 2, and 3 months over and above the original time.

Where the financial situation of the wholesaler is basically sound most manufacturers agree to such requests, and on the day of maturity of their original claim are willing to collect a draft on 30, 45, and 60 days, in lieu of cash payments. Also, in many cases claims for the payment of interest on outstanding amounts is waived, and the

manufacturer is satisfied in most cases to collect the amount of his invoice.

American firms as a rule are unwilling to grant credits above 60 days for most commodities and usually try to arrange sales to new accounts on a basis of cash or cash against documents. However, a considerable number of American firms have adopted a more liberal credit policy in Austria and have extended credits to a length which more or less approaches the credits granted by their Austrian or foreign competitors. No hard or fast rule can be established in this respect, and it is probably necessary to treat each case individually and to fix credit terms in relation to the importance of the deal, competitive situation of the merchandise, and financial standing and business reputation of the firm. In many cases where long terms are asked for, bank guaranties can be obtained whereby payment of the amount due at the prearranged time can be secured.

AZORES

Consul William H. Hunt, St. Michael's

American exporters generally require opening of letters of credit, and sometimes one-third cash and the balance on presentation of shipping documents. These terms apply to building material, druggists' sundries, electrical supplies, feedstuffs, fuel (coal and oil), groceries and provisions, hardware, hides and leather, motor vehicles, notions and novelties, paint and varnish, piece goods, plumbing, radio equipment, thread and yarns, and tobacco. Automobile manufacturers require irrevocable credits. American exporters of automobile accessories generally arrange their transactions with Azorean importers on a basis of one-third cash with order and the balance documents against acceptance. On the other hand, American exporters of industrial machinery are more liberal, and generally grant credits 60 days, which are sometimes extended to 12 months.

Foreign exporters of the items named generally grant the foregoing credit and payment terms to local importers in good standing. The only exceptions are that the English and French automobile exporters are now selling automobiles on the installment plan, based on the financial responsibility of the purchaser (with a bank guaranty).

English, French, German, and Portuguese firms grant credit terms ranging from 60 to 90 days after sight, documents against acceptance, sometimes with liberal extensions. These terms are of long tenure and somewhat interwoven into the local credit situation, which accounts for 99 per cent of the import business with European countries.

German and English exporters do business to a limited extent with certain firms on the open account (currency account) basis.

BAHAMA ISLANDS

Consul Fred D. Fisher, Nassau, Bahamas

American exporters shipping their products to the Bahamas expect payment against delivery of documents, or at least within 30 days. These products include automotive accessories, building material, druggists' sundries, electrical supplies, feedstuffs, flour, footwear, fresh fruits and vegetables, furniture, groceries and provisions, hardware, motor vehicles, notions and novelties, paint and varnish, piece goods, radio and sporting goods, stationery and books, tobacco, and wearing apparel.

Spirituous liquors and wines, which come from Great Britain, Canada, and France, are usually shipped to dealers on consignment, and payment during the summer months, or slack season, often drag out over long periods.

Practically all the merchandise imported into the Bahamas from the United States is supplied from New York, Miami, and Jacksonville, New York being by far the largest supplier.

American exporters in theory quote 2 per cent discount for payment within 10 days after arrival of the goods, and net for payment after 60 days. In practice, however, the local houses having first-class ratings usually run open accounts. Similar terms are given by British and other foreign exporters.

The following is an estimate of distribution of the total imports into the Bahamas among the various methods of payment in general use in foreign trade:

	Per cent
Open account	20
Cash, including cash with order or cash at time of shipment	2½
Sight draft	5
Time draft, 30 to 60 days	22½
Letter of credit	None.
Consignment	50

Nassau is the capital of the islands and the main distributing center. It has for many years enjoyed considerable popularity as a winter resort for wealthy Americans and Canadians, the season usually lasting from December to April, and it is to a great extent upon the tourist element that consumption of many items of import depends.

Merchants in Nassau order their stock well in advance of the tourist season and have no means of anticipating with any degree of accuracy the volume of their sales. If at the end of the season their sales have not run up to expectations, they are left with a large stock which they will have to carry over or dispose of at a sacrifice.

BARBADOS

Consul William W. Brunswick, Bridgetown

Commodity	Terms
Automotive accessories	Cash.
Druggists' sundries	Sight draft; documents against payment and 30 days after sight; documents against acceptance.
Electrical supplies	Cash.
Feedstuffs	Do.
Flour	Do.
Fresh fruits	Do.
Fuel (coal)	Sight draft, documents against payment.
Groceries and provisions	30 days after sight, documents against acceptance.
Hardware	Sight draft, documents against payment; and 30 days after sight, documents against acceptance.
Industrial machinery	Sight draft, documents against payment.
Motor vehicles	Cash.
Office equipment	Sight draft, documents against payment; and 30 days after sight, documents against acceptance.
Packing-house products	Do.
Paint and varnish	30 days after sight, documents against acceptance.
Piece goods	Do.
Printing machinery and supplies.	Sight draft, documents against payment.
Wearing apparel	Do.
Tobacco	Cash.

Discounts are generally granted for cash on arrival of merchandise, ranging from 2 to 2½ per cent.

The terms granted by English and Canadian firms do not differ from those granted by American concerns, but German exporters give credits running from six months to one year.

The approximate percentage, according to terms of sale, of imports into the Bridgetown district is as follows: Cash with order, 25 per cent; sight draft, 25 per cent; time draft, 50 per cent.

Bridgetown, Barbados, is the most important city and distributing center. Agents are appointed in that city to cover St. Vincent, Grenada, St. Lucia, and Dominica.

BELGIUM

Assistant Commercial Attaché Leigh W. Hunt, Brussels

Commodity	American terms	Foreign terms
Automotive accessories	Cash against documents, up to 90 days after sight, documents against acceptance.	German, up to 180 days after sight; documents against acceptance.
Druggists' sundries	60 to 90 days after sight, documents against acceptance; some up to 120 days sight, documents against acceptance.	German, 180 days after sight, documents against acceptance.
Electrical supplies	90 days after sight, documents against acceptance.	German, up to 180 days; French firms do some trade on a consignment basis.
Fresh fruits and vegetables.	Usually consigned to agents for auction for the account of the shipper.	Usually consigned to agents for auction for the account of the shipper.
Footwear	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.
Groceries and provisions	60 days after sight,documents against acceptance.	Sight draft, documents against acceptance.
Hides	Documents against payment. (These conditions are fixed according to regulations of the public auction of hides and skins in Antwerp.)	
Leather	Cash, documents against payment, 5 per cent discount; often 50 per cent cash and 50 per cent 90 days after sight, documents against acceptance; less frequently 90 days after sight, documents against acceptance.	German, French, and British firms currently grant 90 days after sight, documents against acceptance.
Notions and novelties	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.	
Office equipment	Sight draft, documents against payment, to 120 days after sight, documents against acceptance (more than 90 days is exceptional, however).	Up to 180 days after sight,documents against acceptance. Office furniture is usually sold on terms of 60 to 90 days after sight, documents against acceptance.
Piece goods	60 days after sight, documents against acceptance.	
Plumbing and heating equipment.	Sight draft, documents against payment, to 120 days after sight, documents against acceptance.	
Paint and varnish	Sight draft, documents against payment, to 90 days after sight, documents against acceptance; infrequently 120 days after sight, documents against acceptance.	
Printing machinery and supplies.	Terms conservative	180 days after sight, documents aginst acceptance, with possible extension.
Sporting goods	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.	Up to 180 days after sight, documents against acceptance.
Stationery and books	Sight draft to 90 days after sight, documents against acceptance.	
Surgical instruments and precision instruments.	Sight draft, documents against payment, to 120 days sight, documents against acceptance.	Up to 180 days after sight, documents against acceptance.
Thread and yarn	60 days after sight, documents against acceptance.	
Tobacco	American tobacco is usually paid for 80 per cent against documents and 20 per cent after receipt.	The same terms apply to Chinese and South American tobacco, but irrevocable letters of credit are required.
Theater equipment	90 days after sight, documents against acceptance.	

Though a period of more than 90 days is frequently mentioned above, it should be noted that longer terms are infrequent. German firms known to grant long credit terms usually prefer to sell goods on a basis of 90 days after sight, documents against acceptance, with the privilege of renewal for another 90 days, rather than to sell directly on 180 days after sight, documents against acceptance.

Nearly all American firms dealing in Belgium give credit in some form. Similar terms are usually granted by leading foreign manufacturers. German manufacturers seldom grant more than 90 days' credit, but are generally very liberal in renewing credit, frequently allowing 90-day time drafts to be extended a further 60 or 90 days.

Very little business is done in Belgium on open account. Cash with order, or cash at the time of shipment, is usually required on small initial shipments, when an American manufacturer or exporter is contracting with a Belgian agent with whom he is not acquainted.

The estimated division of imports according to methods of payment is as follows:

	Per cent
Sight draft	45
Time draft (usually 30 to 90 days after date)	35
Letter of credit	15
Consignment	5

BERMUDA

Vice Consul E. Clay Merrell, Hamilton

Usual terms are open account, 30, 60, and 90 days. Inasmuch as a large portion of the business of the colony is with the United States, credits are much the same in Bermuda as in this country. Since the settlement of the colony trade between the two countries has increased in volume each year. All firms have an established credit in the United States of many years' standing and get the usual 30, 60, and 90 days, with discounts of 2 or 2½ per cent for cash.

In food supplies bought from England it is the policy of the majority of dealers to pay cash, taking the discount of 2 or 2½ per cent. The grocery business with the United States is transacted by local salesmen for American houses, and collections are generally made at the convenience of the local merchant. Dry-goods merchants and hardware dealers have open accounts with American firms from whom they buy, and the majority pay shortly after receipt of goods in order to get discount, although datings are generally 60 days.

Merchandise bought in France is paid for within 10 days after delivery to packer at Paris. That bought in England is paid for in 30 to 60 days.

Few draft transactions are made in Bermuda, and a draft should never be drawn unless the purchaser so orders or agrees at the time order is given.

Letters of credit are not used, and few if any goods are received on consignment.

BOLIVIA

Vice Consul Edward G. Trueblood, La Paz

Commodity	American terms	European terms
Automobiles and accessories.	120 days after sight, documents against acceptance.	
Books and paper goods	30 to 90 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Construction material	90 days after sight, documents against, acceptance.	90 days after sight, documents against acceptance.
Cotton	C. D. O., or 30 to 180 days after sight, documents against acceptance.	
Drugs and drug-store supplies.	30 to 90 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Electrical goods	90 to 120 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Flour	90 days after sight, documents against acceptance.	
Fuel, oils, etc	C. O. D., or 30 to 90 days after sight, documents against acceptance.	C. O. D., or 30 to 90 days after sight, documents against acceptance.
Furniture	180 days after sight, documents against acceptance.	180 days after sight, documents against acceptance.
Groceries	90 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Hardware	do	Do.
Jewelry	90 to 180 days after sight, documents against acceptance.	90 to 180 days after sight, documents against acceptance.
Leather and hides	Sight draft, documents against payment, or 90 days after sight, documents against acceptance.	Sight draft, documents against payment, or 90 days after sight, documents against acceptance.
Lubricating oils	C. O. D., or 30 to 90 days after sight, documents against acceptance.	C. O. D., or 30 to 90 days after sight, documents against acceptance.
Office equipment	90 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Paint and varnish	do	Do.
Piece goods	30 to 90 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Plumbing supplies	do	Do.
Printing machinery and supplies.	180 to 360 days after sight, documents against acceptance.	180 to 360 days after sight, documents against acceptance.
Radio apparatus	30 to 180 days after sight, documents against acceptance.	30 to 180 days after sight, documents against acceptance.
Railway equipment	Credit through local banks	Credit through local banks.
Shoes	Sight draft, documents against payment; or 90 days after sight, documents against acceptance.	Sight draft, documents against payment; or 90 days after sight, documents against acceptance.
Sports articles	Sight draft, documents against payment; or 30 to 90 days after sight, documents against acceptance.	Sight draft, documents against payment; or 30 to 90 days after sight, documents against acceptance.
Surgical and scientific goods.	30 to 180 days after sight, documents against acceptance.	30 to 180 days after sight, documents against acceptance.
Tobacco	Sight draft, documents against payment; or 30 to 90 days after sight, documents against acceptance.	Sight draft, documents against payment; or 30 to 90 days after sight, documents against acceptance.
Toys	do	Sight draft, documents against payment.
Underclothing	30 to 90 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Wearing apparel	do	Do.
Woolen thread	Sight draft, documents against payment; or 90 days after sight, documents against acceptance.	Sight draft, documents against payment; or 90 days after sight, documents against acceptance.

It will be noted that these quotations show little variation between terms granted by American and by European and other exporters, although European exporters, especially the Germans, often grant longer credits in Bolivia than American exporters. German exporters often grant an open credit of six months.

At least 90 per cent of the goods sold in Bolivia are sold on the time-draft basis. Probably the largest share of this trade is on the basis of drafts at ------days after sight, although terms with drafts at------days after date are frequently arranged.

BRAZIL

Assistant Trade Commissioner J. Winsor Ives, Rio de Janeiro

Commodity	American terms	Foreign terms
Agricultural implements	From cash (open credit New York) to 120 days after date of shipment, documents against acceptance.	British, from cash (open credit, London) to from 90 to 120 days after date of shipment. German, Belgian, and French, from 90 to 120 days after sight to open account with privilege of extension for unlimited period; also consignment.
Automotive accessories	From 90 days after sight to 120 days after date, documents against acceptance.	Some consignment (principally German).
Building materials	From cash to from 90 days after sight to 120 days after date, documents against acceptance.	Swedish, British, and German (principally cement), from cash to from 90 to 120 days after sight, documents against acceptance.
Construction machinery	From cash to 25 per cent with order, balance in monthly installments over period up to 6 months.	
Druggists' sundries	From 90 days after sight to 120 days after date, documents against acceptance.	From 90 to 120 days after sight to consignment (German and French).
Electrical supplies	120 days after date, documents against acceptance.	European, from 90 to 120 days after sight to consignment; Argentinian, from cash to 30, 60, and 90 days after sight.
Flour	From cash to 60 days after date, documents against acceptance; some consignment.	
Footwear	From cash to 120 days after sight, documents against acceptance.	
Fresh fruits and vegetables	From cash to 60 days after date (fresh fruit only), documents against acceptance.	South African, from cash to 69 days after date (fresh fruits only); Argentinian, from cash to from 30 to 60 days after sight (fruit and vegetables).
Fuel, ores, etc	Coal, for the most part, cash in New York.	British mines quote terms ranging from cash in London or Cardiff to from 90 to 120 days after sight.
Furniture: Steel office furniture.	120 days after date, documents against acceptance.	British from 90 to 120 days after sight; German, from 90 to 120 days after sight to open account and consignment.
Groceries and provisions	90 to 120 days after date, documents against acceptance (packaged and canned goods).	
Hardware	90 to 120 days after date, documents against acceptance.	German and Swedish, from open account, 6 months, with privilege of extension for unlimited period, to consignment.
Hides and leather	90 to 120 days after date, documents against acceptance (finished leather).	German, from 90 to 120 days after sight (finished leather); Argentinian and Uruguayan, from cash to 30, 60, and 90 days after sight (prepared hides).
Industrial chemicals	90 to 120 days after sight, documents against acceptance.	German from 90 to 120 days after sight to consignment.
Industrial machinery[1]	From cash to 25 per cent with order, balance in monthly installments.	European (principally German and British), from cash to 10 per cent with order, balance in monthly installments, up to period as long as 5 years; also consignment.
Jewelry	From cash to 60 days after sight, and from 90 to 120 days after date, documents against acceptance.	Do.
Motor vehicles	Finance companies maintaining offices in Rio and Sao Paulo pay for automobiles imported for resale to dealers at terms of 120 to 180 days after date. Resale terms to dealers and distributors vary in accordance with the financial and moral standing of firms acting in these capacities.	

[1] Terms granted by machinery manufacturers vary greatly, and for this reason it is difficult to mention a single set of terms which would cover the many different sales arrangements continually being made between foreign manufacturers and local buyers. There are probably as many exceptions to deals made on the terms given above as there are actual transactions closed at such terms.

Commodity	American terms	Foreign terms
Notions and novelties	From cash to 90 and 120 days after date, documents against acceptance.	European, from 90 to 120 days after sight, documents against acceptance.
Office equipment	120 days after date, documents against acceptance.	Do.
Paint and varnish	From cash to from 90 to 120 days after date, documents against acceptance; some consignment.	European, from 90 to 120 days after sight, documents against acceptance, to consignment.
Piece goods	90 to 120 days after date, documents against acceptance (principally voiles).	European, 90 to 120 days after sight, documents against acceptance; small amount of consignment.
Plumbing and heating equipment.	120 days after date, documents against acceptance.	European (principally British and German), from 90 to 120 days after sight, documents against acceptance, to consignment.
Printing machinery and supplies.	From cash to 90 to 120 days after date, documents against acceptance, to 25 per cent with order and balance over period.	German and French—terms are more liberal than those granted by American manufacturers. On sales of large installments, such as rotary presses for newspapers, terms quoted by German and French manufacturers have been more or less as follows: 10 per cent with order, 10 per cent in installments over periods from 2 to 4 years.
Radio apparatus	Cash in New York	German and Dutch maintain their own factory sales offices in Brazil.
Stationery, books, etc	90 to 120 days after date, documents against acceptance.	European, 90 to 120 days after sight, documents against acceptance; small amount of consignment.
Surgical and precision instruments.	....do	European, from 90 to 120 days after sight, documents against acceptance, to open account and consignment.
Theater equipment	10 per cent with order; 15 per cent on installation, and balance in equally divided monthly installments extending from 1 year to 18 months.	European, from 5 per cent with order, 5 per cent on installation, and balance in equally divided monthly payments extending over period of 1 to 4 years, to consignment.
Thread and yarn	90 to 120 days after date, documents against acceptance.	European, from 90 to 120 days after sight, documents against acceptance, to consignment.
Tobacco	30 to 90 days after sight, documents against acceptance.	European, 90 to 120 days after sight, documents against acceptance.

Generally speaking, American and British exporters are inclined to follow well-defined policies in regard to terms, with the result that there is comparatively little variation from year to year in the terms quoted by exporters in these countries. A somewhat different and certainly more flexible policy is followed by manufacturers in Germany and other continental European countries. During recent years, German exporters have increased their volume of consignment business and display a willingness to grant long-payment terms.

BRITISH GUIANA

Vice Consul Harold E. Riggs, Georgetown

Terms for all commodities are 30 days after sight, documents against acceptance. Much business is done in British Guiana on the basis of sight draft, documents against payment, and on a basis of 10 and 15 days after sight, documents against acceptance. Drafts at 60, 90, and 120 days after sight, documents against acceptance, are becoming rare. Their use involves additional expenses which reflect on the selling price of the merchandise, as buyers are not keen to obtain merchandise shipped on long terms. Shipments on open account are sometimes made to established houses and connections but are by no means generally used.

Canadian firms sometimes ship goods on terms of 60 days after date, documents against acceptance, but unless the shipments are promptly made, the terms revert by lapse of time to about 30 days after sight.

The approximate percentage of the importing into British Guiana done under the methods of payment in general use are as follows:

	Per cent
30-day sight draft, documents against acceptance	75. 0
Sight draft, documents against payment	15. 0
15-day sight draft, documents against acceptance	5. 0
60-day sight draft, documents against acceptance	4. 0
90 to 120 day sight draft, documents against acceptance	. 5
Letter of credit	. 5
Consignment	Rare.

BRITISH HONDURAS

Consul G. Russell Taggart, Belize

The usual credit terms in British Honduras are open account, either cash by return steamer (the usual procedure by the largest firms) or 30 to 90 days; or a 30, 60, or 90 day time draft, documents delivered against acceptance; or sight draft with bill of lading attached, drawn on consignee when he requests or when his financial standing is unknown or doubtful; discount for cash, 2 to 3 per cent.

The United Kingdom and Canada are the largest competitors with the United States for the trade of British Honduras, and with them business is usually conducted on a cash basis, special discounts for payment at time of shipment being offered. The small percentage of draft business follows the standard practice for American exports. The British preferential tariff (usually 10 per cent ad valorem, compared with the general tariff of 20 per cent) is helpful to the exporters in the United Kingdom and in Canada in getting cash before shipping to British Honduras.

British Honduras, the only British possession in Central America, has as area of 8,600 square miles and a population of 51,000. Belize, the capital and largest town (13,000 inhabitants), is the distributing center.

The following are the approximate percentages of credit business done under the various methods of payment:

	Per cent
Open account (often cash by return steamer)	45
Cash (principally cash at time of shipment)	35
Sight draft	6
Time draft (includes drafts of 30, 60, and 90 days after sight and days after date, documents against acceptance)	14

The use of letters of credit in British Honduras is practically negligible. Consignments are not favored by exporters. Cash at time of shipment is often paid by the larger Belize firms who have agents stationed abroad, especially in New York and London, and maximum discounts are usually taken advantage of.

BRITISH MALAYA

Assistant Trade Commissioner Carl H. Boehringer, Singapore

Commodity	Terms
Agricultural equipment	Letter of credit.
Automobile accessories	60 to 90 days, documents against acceptance or documents against payment.
Building material	60 to 90 days, documents against acceptance.
Construction machinery	Do.
Druggists' sundries	30 to 60 days, documents against payment.
Electrical supplies	Do.
Flour	Letter of credit.
Footwear	30 to 60 days, documents against acceptance.
Fresh fruits and vegetables	Letter of credit.
Groceries and provisions	Letter of credit, or 30 to 60 days, documents against payment.
Hardware	30 to 60 days, documents against acceptance or documents against payment.
Hides and leather	30 to 60 days, documents against payment; or 90 days, documents against acceptance.
Industrial chemicals	Documents against acceptance or documents against payment, 60 days after sight.
Industrial machinery	One-third with order, one-third on arrival, one-third when machinery is set up and in operation.
Jewelry	30 to 60 days, documents against payment; and 90 days, documents against acceptance.
Motor vehicles	Letter of credit; majority 30 days after sight, some 90 days after sight.
Notions and novelties	60 days, documents against payment.
Office equipment	Letter of credit; and 90 days after date, documents against acceptance.
Paint and varnish	Letter of credit; and 60 to 90 days, documents against acceptance.
Piece goods	90 days, documents against acceptance or documents against payment.
Plumbing and heating equipment.	60 to 90 days, documents against acceptance; and letter of credit.
Printing machinery and supplies.	Letter of credit.
Radio apparatus	Do.
Sporting goods	30 to 60 days, documents against acceptance.
Stationery, books, etc	Do.
Surgical and precision instruments.	30 days, documents against acceptance.
Theater equipment	Letter of credit.
Thread and yarn	Mostly European, consignments.
Tobacco	60 days, documents against acceptance.
Wearing apparel	60 days, documents against payment.

The usual terms of credit range from 60 to 90 days on a draft acceptance basis. Confirmed letters of credit are customary for such foodstuffs as flour and fresh fruits and vegetables, as well as for manufactured products of a specialized nature, such as agricultural equipment, motor vehicles, office equipment, printing machinery, radio and theater equipment.

In lines which are more competitive and in which quality is practically the same, American firms tend to grant more liberal terms than was the case several years ago. The credit terms granted to local firms are dependent upon the reputation and standing of the firm and vary with different commodities.

Terms granted by the leading foreign competitors are usually more liberal than those granted by American exporters. In many lines it is customary to ship on consignment to reputable firms; in others terms may be as high as 180 days, documents against acceptance, while a basis of 90 days, documents against acceptance terms is very common.

The following table gives approximate percentage distribution of the importing into British Malaya, according to the terms of sale in general use:

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	10
Sight draft	15
Time draft	40
Letter of credit	15
Consignment	15

BULGARIA

Vice Consul Thomas F. Sherman, Sofia

Commodity	European terms
Agricultural equipment	1 to 4 years.
Automotive accessories	3 to 6 months.
Building material	Do.
Construction machinery	6 months to 2 years.
Druggists' sundries	1 to 3 months.
Electrical supplies	3 to 6 months.
Fibers, raw	Do.
Groceries and provisions	2 to 3 months.
Hardware	6 months.
Hides and leather	4 to 6 months.
Industrial chemicals	3 to 6 months.
Industrial machinery	6 months to 4 years.
Jewelry	3 to 6 months.
Motor vehicles	Cash. (Some grant from 6 to 9 months' credit.)
Office equipment	6 months.
Paint and varnish	4 to 6 months.
Plumbing and heating equipment	6 to 12 months.
Printing machinery and supplies	6 months to 2 years.
Radio apparatus	6 months.
Railway material and supplies	Special terms according to governmental specifications.
Surgical and precision instruments	4 to 12 months.
Thread and yarn	6 to 18 months.

American credit terms are from 30 to 50 per cent less then those stated above for the European concerns.

The most important sales are conducted on a cash basis (with the order or upon arrival of the merchandise); next come credit sales against time drafts (usually from 3 to 6 months). During the last few years goods were shipped on consignment, especially from Germany and Austria. Other terms used are part cash with the order or upon arrival of goods (usually one-third or one-fourth cash, and the rest in quarterly payments against time drafts).

While most credit business is carried against bank guaranty, a small business is conducted on ordinary (personal) credit. Very little business is done on open account in Bulgaria.

It is impracticable to approximate the percentage of the various terms of credit for imports into Bulgaria, but about 50 per cent of the total import trade is effected on credit.

CANADA

Assistant Commercial Attaché Oliver B. North, Ottawa

Commodity	Terms
Agricultural equipment	Up to 1 year; distributors sell for about 25 per cent cash, balance in installments.
Automotive accessories	30 to 60 days after sight.
Building Material	2 per cent 30 days, net 60 days.
Drugs and druggists' supplies	2 per cent 10 days, net 30 days.
Dry goods	Usually 30 to 60 days.
Electrical supplies	30 to 60 days.
Feedstuffs	30 to 60 days after sight, documents against acceptance.
Footwear	60 days from date of shipment.
Fresh fruits and vegetables	Cash on delivery.
Fuels, ores, etc	Do.
Furniture	30 days.
Groceries and provisions	Do.
Hardware	60 days.
Industrial chemicals	30 days.
Jewelry	30 days after sight, documents against acceptance.
Leather manufactures	60 days after sight, documents against acceptance.
Machinery	Sight draft, documents against payment, to 30 to 60 days after sight, documents against acceptance.
Meats	7 days.

Commodity	Terms
Motor vehicles	Generally 12 equal monthly installments; sometimes 18 equal monthly installments.
Notions and novelties	Cash to 30, 60, and 90 days after sight, documents against acceptance.
Office equipment	30 days after sight, documents against acceptance.
Paint and varnish	30 to 60 days after sight, documents against acceptance.
Piece goods	60 days after sight, documents against acceptance.
Plumbing and heating equipment	30 days after sight, documents against acceptance.
Radio apparatus	Cash or sight draft, documents against payment.
Sporting goods	30 to 60 days after sight, documents against acceptance.
Stationery, books, etc	60 days after sight, documents against acceptance.
Surgical and precison instruments	30 days after sight, documents against acceptance.
Theater equipment	Do.
Tobacco	Cash to 10 days after sight.
Wearing apparel	30 to 60 days after sight, documents against acceptance.

Credit information concerning Canadian firms is readily available to American exporters either through the usual mercantile agencies, such as Dun's and Bradstreet's, or from Canadian banks. Requests for credit information from Canadian banks should, in all cases, be made through local banking connections.

The approximate percentages of the importing into Canada done under the various methods of payment are as follows:

	Per cent
Open account	15
Cash, including cash with order or cash at time of shipment	10
Sight draft	60
Time draft	10
Consignment	5

CANARY ISLANDS

Compiled in the Commercial Intelligence Division

Commodity	Terms
Agricultural equipment	Cash with order, with discount; some, 50 per cent cash with order and 50 per cent upon presentation of documents.
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Building material	Irrevocable confirmed credit, with terms up to 30 days.
Construction machinery	Irrevocable credit, payable cash against documents on arrival.
Druggists' sundries	Cash with order to 90 days after sight, documents against acceptance.
Electrical supplies	30, 60, and 90 days after date, documents against acceptance.
Flour	Cash against documents; some, 30 and 60 days after sight, documents against acceptance.
Footwear	30, 60, and 90 days after sight, documents against acceptance.
Groceries and provisions	Cash against documents, to 30 and 60 days after sight, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.
Hides and leather	Cash against documents, to 60 and 90 days after sight, documents against acceptance.
Industrial chemicals	Irrevocable confirmed credits; cash against documents; some up to 60 days after sight, documents against acceptance.
Motor vehicles	Cash; usually through finance companies.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Paint and varnish	Do.
Piece goods	Do.
Printing machinery and supplies.	Irrevocable confirmed credit; cash upon delivery; financing arrangements.
Radio equipment	Cash or part cash with order, to 60 and 90 days after sight, documents against acceptance
Stationery and books	30, 60, and 90 days after sight, documents against acceptance.
Surgical and precision instruments.	Cash against documents.
Thread and yarn	30 to 60 days after sight, documents against acceptance.
Tobacco	Cash with order; cash against documents; or letter of credit.
Wearing apparel	Cash against documents; some, 30 to 60 days after sight, documents against acceptance.

American terms closely approximate those granted to this territory by foreign exporters.

Terms accorded to purchasers are determined largely by the recommendations of agents, who are in a better position to know the financial responsibility of local dealers. Likewise, the importing wholesalers arrange terms of payment for their customers, basing such terms on the business turnover and ratings of such firms, which affect directly the importers' own buying terms.

Sales agents are located either in Santa Cruz de Tenerife or in Santa Cruz de la Palma.

CHILE

Assistant Commercial Attaché Robert G. Glover, Santiago

Commodity	Terms
Agricultural equipment	No rule.
Automotive accessories	90 days after sight, documents against acceptance.
Building material	Do.
Construction machinery	Do.
Druggists' sundries	Do.
Electrical supplies	Do.
Feedstuffs	Do.
Fibers, raw	Sight draft, documents against payment.
Flour	90 days after sight, documents against acceptance.
Footwear	Sight draft, documents against payment.
Fresh fruits and vegetables	No rule.
Fuel, ores, etc	90 days after sight, documents against acceptance.
Furniture	Do.
Groceries and provisions	Do.
Hardware	Do.
Hides and leather	No rule.
Industrial chemicals	Do.
Industrial machinery	90 days after sight, documents against acceptance.
Jewelry	Do.
Motor vehicles	Do.
Notions and novelties	Do.
Office equipment	Do.
Packing-house products	Do.
Paint and varnish	Do.
Piece goods	Do.
Plumbing and heating equipment	No rule.
Printing machinery and supplies	90 days after sight, documents against acceptance.
Radio equipment	No rule.
Railway material and supplies	90 days after sight, documents against acceptance.
Sporting goods	Do.
Stationery, books, etc	No rule.
Surgical and precision instruments	Do.
Theater equipment	90 days after sight, documents against acceptance.
Thread and yarn	Sight draft, documents against payment.
Tobacco	90 days after sight, documents against acceptance.
Wearing apparel	

Terms granted by foreign competitors are practically the same as those granted by American concerns.

Date drafts made out by American concerns covering shipments to Chile generally allow 30 days extra, and the European trade often grants from 45 to 90 days extra when date drafts are used instead of the ordinary usance, which is 60 to 90 day sight drafts. The reason for this difference in terms between the American and the European trade is due to the fact that goods shipped from American ports arrive in Chile in approximately three weeks from date of shipment. On the other hand, it often takes European merchandise two months to arrive, especially when shipped by freight steamers.

No figures are available as regards the percentage of business done under the various terms listed, but it is considered that these are used in the following order of importance: Time drafts, sight drafts, cash, open account, letters of credit, and consignment.

CHINA

Trade Commissioner Harold D. Robison, Shanghai

The usual terms granted on the leading imports into China are as follows:

Automotive accessories.—Documents against payment, or letter-of-credit basis with drafts drawn 60 to 90 days after sight.

Building materials.—Building material that is indented is on a letter of credit, documents against payment and documents against acceptance, with drafts drawn payable 60, 90, and 120 days after sight. Some local import houses indent orders with American manufacturers where one-third is paid when order leaves factory, one-third when shipped, and one-third on arrival. Where Shanghai stocks are carried, local customers and contractors who are in good standing can make arrangements for credit by shop guaranty, or credits are arranged through compradores. Usually a payment of one-third the amount is requested.

Construction machinery.—The usual procedure in placing an order for construction machinery is 20 to 25 per cent with order, 20 per cent when shipped, 20 per cent on arrival, and the balance after the machinery is in operation. Local firms give Chinese credit from 1 to 5 years. The shorter terms are typical of American practice while one British firm has been known to extend credit for 5 years. Czechoslovak interests are also reported as selling on long-time credits. Native banks indorse notes for Chinese firms buying construction machinery.

Druggists' sundries.—From 60 to 90 or 120 days after sight, documents against payment and documents against acceptance.

Electrical supplies.—Small electrical supplies are indented, on terms of documents against acceptance and documents against payment, 60 to 120 days. On large electrical installations the terms and payments are similar to those outlined under construction machinery.

Flour.—Letter of credit, 60 to 90 days, documents against acceptance and documents against payment.

Footwear.—Sixty to ninety days after sight, documents against payment and documents against acceptance.

Fresh fruits and vegetables.—Sixty to one hundred and twenty days after sight, documents against payment and documents against acceptance.

Hardware.—Sixty to one hundred and twenty days after sight, documents against payment and documents against acceptance.

Hides and leather.—Hides are imported on a cash basis; leather, on a basis of 60 to 120 days after sight, documents against payment and documents against acceptance. European firms give 120 days to made up for the difference in length of time consumed in transportation.

Industrial chemicals.—Industrial chemicals are consigned to the branch houses. Payment is made when stocks are sold.

Industrial machinery.—Same terms as for construction machinery.

Jewelry.—Sight draft, documents against payment and cash with order.

Motor vehicles.—When imported from America and Europe, 60 to 90 days after sight, documents against payment. When purchased from local branch, cash with order. Cash at factory elicits special discounts.

Notions and novelties.—Letter of credit, sight draft, documents against payment, and 60 days after sight, documents against payment.

Office equipment.—Sight draft, documents against payment, and 60 days after sight, documents against payment.

Packing-house products.—Same as for groceries and provisions.

Paint and varnish.—Some of the larger American and European firms consign stocks to their local agents. Indent orders are on a basis of 90 days after sight, documents against payment and documents against acceptance.

Piece goods.—Goods are sold on consignment, on documents against payment, and documents against acceptance. Some British manufacturers have branch houses. There are several large British textile manufacturers who have a joint working account agreement with the factory about as follows: The local firm pays 50 per cent of the invoice value of the goods on arrival in Shanghai; the other 50 per cent is held at the manufacturer's risk; after the goods are sold the manufacturer and the local importer divide equally the profit or the loss. Japanese firms have branches in Shanghai and Yangtze Valley cities. They sell direct to retailers on four months' credit.

Plumbing and heating.—See "Building equipment."

Printing machinery and supplies.—Some manufacturers have branch offices and agents in Shanghai who carry stocks. Remittances are made after sales are

made. On printing machinery credit is granted to the Chinese dealers in some cases as long as two years.

Radio apparatus.—Sight draft, documents against payment and documents against acceptance. Large installations are financed in the same way as industrial machinery.

Railway material and supplies.—When tenders for railway equipment are published, terms of payment are usually specified for each project. Letter of credit is usually established with terms of 30, 60, and 90 day sight draft. Czechoslovak manufacturers are extending long-time credits on railway supplies.

Sporting goods.—Sixty to ninety days after sight, documents against payment and documents against acceptance.

Stationery and books.—Sight draft, documents against payment and documents against acceptance.

Surgical and precision equipment.—Sixty to one hundred and twenty days after sight, documents against payment and documents against acceptance.

Theater equipment.—The technical equipment and projectors and sound apparatus are leased to the local theaters for a period of 10 years. Royalties on income are paid during this 10-year lease.

Threads and yarn.—See "Piece goods."

Tobacco.—A majority of the tobacco firms doing business in this market are branch offices of the home firm. Some tobacco-leaf organizations work through agents. Tobacco is consigned to the agent or branch. Cash is remitted according to sales. The local agent sells the cigarette manufacturers on terms varying from 10 to 60 days. Payment is guaranteed by the compradore. There is a movement to eliminate the compradore and to deal direct with cigarette manufacturers.

Wearing apparel.—Sight draft, documents against payment.

The manufacturer and export merchant of America seldom grant open credit. The local importer usually establishes a letter of credit against which drafts are drawn. The leading foreign importers of Shanghai have various means of granting terms to the Chinese. They are usually financed by the compradore through native banks.

German and British manufacturers are quite liberal and extend documents-against-acceptance shipments for long periods of time, which practically amounts to consignment of goods. However, these shipments are not considered in our estimate of 5 per cent of consigned goods. Most American manufacturers sell on terms of documents against payment and documents against acceptance, with drafts drawn at 60 days after sight. European manufacturers draw drafts at 90 to 120 days after sight. Longer terms are necessary from Europe, as shipments are much longer en route than from the United States, while the documents arrive from Europe via Siberia in 15 days.

An estimate of the approximate percentage of the importing into Shanghai that is done on the various bases is as follows:

Open account.—Two to five per cent.

Cash (includes cash with order or cash at time of shipment).—Five to ten per cent. All mail-order shipments from the United States come under this category. There is no way to determine just how much of this trade is carried on.

Sight draft.—No information was obtained on this type of financing imports.

Time draft.—Sixty, ninety, and one hundred and twenty day drafts, with documents against payment and documents against acceptance, 75 per cent. (See Letters of credit.)

Letters of credit.—Irrevocable confirmed, 2 per cent; irrevocable unconfirmed, none; revocable letter of credit, 90 per cent. This last-named is what is known in the Far Eastern banking practice as a "Documentary letter of credit," which is explained fully in E. Kann's report. (See following.)

The following information on import credits was written by Mr. E. Kann, an authority on banking and currencies in China:

FINANCING OF IMPORTS INTO CHINA

A small portion of China's imports is financed by "collection drafts," which means that the exporter abroad (for example, the United States) obtains his money plus accrued interest upon advice from China that the drafts have been duly met by the importer.

A larger portion of China's imports is financed by telegraphic transfers. This means that the proceeds of sale are transferred by cable to the shipper (or his order) as soon as obtained from the importer.

The bulk of China's imports is financed by credits opened by the importer in favor of the exporter, the burden of financing resting on the importer.

The following is an attempt to define briefly the various forms of credits employed by importers in China:

I. *Authority to purchase (A/P):*
- (*a*) Revocable and with recourse to drawer.
- (*b*) Irrevocable and with recourse to drawer.
- (*c*) Revocable, but without recourse to drawer.

II. *Confirmed credits:*
- (*d*) Confirmed by issuing bank but not by notifying bank.
- (*e*) Confirmed by issuing bank and also by notifying bank.
- (*f*) Confirmed and without recourse to drawer.
- (*g*) Confirmed and irrevocable.

III. *Acceptance credits.*

I. The "authority to purchase" is very frequently employed in financing imports into China. The "authority" is issued by a bank in China upon written request by an importer of approved standing. It is for a specified amount, for specified goods, to be shipped within a stipulated period. A full set of shipping documents accompanies the draft, drawn either at sight or with a usance of up to six months after sight—usually 90 or 120 days.

The characteristics of the "authority to purchase" referred to under (*a*)—that is, the A/P revocable and with recourse to drawer—are:

1. The notifying bank abroad (e. g., England) acts merely as agent of the bank in China, and is at liberty to cancel the authority to draw, if the bank in China does not provide in due time the funds which are needed for negotiating the drafts. This right is clearly visible from the manner in which the authority to draw is advised:

British Manufacturers (Ltd.),
London, England.

Gentlemen: We beg to inform you that we are in receipt of instructions from the Chinese bank in Shanghai, authorizing us on behalf of _____ to negotiate your documentary drafts, if tendered before the (date) for $10,000 drawn at 90 days after sight, etc., etc.

2. The issuing bank reserves for itself the right to cancel the credit, or its unused balance, at any time without previous notice to the exporter or without the consent of the importer.

3. The drawer (exporter) is responsible to the issuing bank in China for payment of the draft on due date should the drawee (importer) fail to meet his obligation. This obligation is clearly impressed on the exporter in the original advice to him, which ends up in the words: "Please note that this is not to be considered as being a bank credit and does not relieve the drawer (exporter) from the liability attaching to the drawer of a bill of exchange."

Although these conditions seem to be severe, they are accepted for financing the bulk of British and European trade with China. Americans exact more severe terms, usually confirmed credits.

(*b*) A/P irrevocable and with recourse to drawer: The next variety of the A/P is the one mentioned under (*b*), irrevocable and with recourse to drawer. Such "authorities" are required for financing goods which have to be manufactured to order (machinery, cotton or woolen cloth with particular patterns), or goods which have to be collected in lots. The drawer remains responsible until the draft has been paid, but the issuing bank has not the right to cancel the A/P before the date set.

(*c*) A/P, revocable, but without recourse to drawer: In the third kind of A/P, revocable, but without recourse to drawer, mentioned under (*c*), the authority to draw may be canceled during its life, but once the drafts have been negotiated, the drawer (shipper) is no more responsible, should acceptance or payment of the draft be refused. The issuing bank has recourse only against the drawee (importer), being secured by the goods.

Some writers speak of a fourth kind of A/P, namely, irrevocable and without recourse to drawer. In reality this would be a confirmed credit par excellence, and not an authority to purchase

II. Confirmed credits: (*d*) Confirmed by issuing bank, but not by notifying bank: The confirmed credit, as classified under (*d*) is a definite engagement on the part of the issuing bank to either negotiate drafts under clearly stipulated conditions, or to honor drafts drawn by the beneficiary. This shows that the issuing bank, not the notifying bank, is liable to the shipper for the fulfillment of its engagements.

(*e*) Confirmed by issuing bank and also by notifying bank: The class of confirmed credit specified under (*e*) differs from the foregoing, because both the issuer and the notifier remain liable to the exporter. This is the real "confirmed" letter of credit, while (*d*) is often incorrectly styled.

(*f*) Confirmed and without recourse to drawer: Under (*f*) we have the "confirmed and without recourse to drawer" credit. It is generally taken for granted that every "confirmed" credit is "without recourse to drawer." This is not the case. According to law, the drawer under a confirmed letter of credit is liable until the draft has been accepted by the drawee. Then his responsibility ceases, and the holder of his draft has no more recourse on the drawer should the acceptor fail to pay on due date. Only if the credit is "confirmed and without recourse" is there no more obligation on the part of the drawer, once he has handed in his draft and the documents.

(*g*) Confirmed and irrevocable: Next (*g*) are the "confirmed and irrevocable" credits. Irrevocable means, as already previously stated, that the credit can not be canceled prior to the expiration date, without the consent of the beneficiary In theory a "confirmed" credit is liable to be canceled; in practice this is rarely or never done. The term "irrevocable" does not absolve the drawer from liability until the draft has been accepted.

It happens frequently that exporters to China demand that an "irrevocable" credit should be established in their favor. They take it for granted that the term "irrevocable" includes the attributes of "confirmed" and "without recourse." This is by no means the case. Unless distinctly advised, the exporter must take the term of "irrevocable" to be binding only on the issuing, but not on the advising bank.

The ideal credit for the exporter is the "confirmed, irrevocable, without recourse" credit.

III. Acceptance credits: Acceptance credits for financing imports into China have, up to the present, been employed in London only. They differ in many respects from either A/P or confirmed credits, principally because no drafts are sent to China and because there is no interest to be paid there.

This class of credit will be used only if discount rates abroad (e. g., London) are low, say, not above 3½ per cent. Otherwise it would be unremunerative to use acceptance credits. The procedure is as follows: At the request of the importer in China, a bank there opens an acceptance credit with a London bank for a certain amount, to be availed of by the exporter within a certain time, and against shipment to China of certain goods.

Instead of drawing on the importer in China, the shipper in London will draw on a designated London bank at 60 to 120 days after sight. The London bank accepts the draft and hands it back to the exporter, from whom it had simultaneously obtained the complete set of shipping documents; these are forwarded to the issuing bank in China.

The exporter will discount in the open market the draft accepted by the London bank when it suits him to turn the acceptance into money. The cost of such a transaction is the commission charge, which varies. This cost recently averaged ⅛ per cent per month.

If the market rate of 120 days prime bankers' acceptance is 3 per cent, for instance, and the acceptance commission ⅛ per cent per mensem, the total interest cost will be 4½ per cent per annum, compared with 6 per cent payable under A/P or confirmed credits. Financing imports into China under acceptance credits does not involve disbursement by any one of the parties directly involved in the transaction. The accepting bank merely lends its credit. All it demands is its commission and the remittance to cover from China on due date of the draft.

The issuing bank has not to lay out funds, but its risk is somewhat larger, seeing that there is no drawer, and consequently no recourse on drawer.

Its profit consists of a share in the acceptance commission and in profits when fixing the rate of exchange.

These are the principal features of credits as used by importers in China. There are many particulars connected with the problem which can not be discussed here for lack of space.

Yet it is deemed expedient to include some remarks on local custom regarding the handling of shipping documents attached to the drafts negotiated under credits opened by China banks. If goods are shipped to China under "confirmed" credit or under "A/P without recourse to drawer," the shipper is in no way concerned as to how the shipping documents are handled in China; this is an arrangement entirely between the drawee and the bank in China.

If, however, goods are shipped to China in terms of a straight "authority to purchase," the exporter, remaining liable as drawer until payment of the draft, is closely concerned with the handling of the documents.

Depending on the consent of the issuing bank in China and on the agreement of both exporter and importer, it is to be stipulated whether drafts are to be drawn with documents deliverable on acceptance (D/A) or on payment (D/P). If nothing is said on the face of the draft, it is understood that documents are D/P. Sometimes the bank in China will give up the goods to the importer against the latter's trust receipt. Unless the bank has the distinct consent in writing from the drawer, it loses all recourse against the latter, in case the acceptor (importer) fails to meet his obligations on due date.

It is customary in China to deliver shipments in case (bale, barrel, bag, etc.) lots. Say an exporter has made a shipment of 25 cases of woolen cloth to China and drawn at 90 days after sight, under an A/P, U. S. $6,000 on the importer in Shanghai. The importer may take delivery of case lots before due date by paying to the bank the corresponding sums as part payments of the face amount of the draft. This way of procedure may not suit the exporter, especially because the importer has the choice of picking out the current articles, and leaving the goods with a narrow market unsold and the corresponding amount of the draft unpaid. In case of a lawsuit, brought by the exporter, the case would probably be decided against the plaintiff on the ground of old-established commercial custom in China. Very few exporters abroad are fully aware of these conditions, the existence of which has proved to be a necessity involving infinitesimal risks for the exporter. Should the latter, however, not agree to the procedure described, he would have to give instructions to that effect, or have the draft marked "part deliveries not permitted."

It is not required of Chinese buyers to secure "irrevocable letters of credit without recourse" from merchants doing business with European or other countries, and American exporters in general need not demand "irrevocable letters of credit without recourse." Such letters of credit are exceedingly difficult to secure in China, and the insistence of American manufacturers on irrevocable letters of credit have in many instances precluded the introduction of their lines. The banks are extremely reluctant to issue irrevocable letters of credit without recourse, except where they are absolutely sure of both the buyer and the shipper.

The "authority to purchase," or, as it is called in local circles, the "documentary letter of credit," has practically replaced irrevocable letters of credit without recourse. It is true that an authority to purchase or a documentary letter of credit still leaves with the buyer power to withdraw or cancel. On the other hand, local banks do not readily issue even documentary letters of credit or authorities to purchase unless they are reasonably certain that their client is taking up the goods upon delivery.

CHOSEN (KOREA)

Vice Consul C. H. Stephan, Seoul

Commodity	Terms
Automotive accessories	United States, C. O. D.; France, open account or sight draft, documents against payment; Canada, sight draft, documents against payment, or 30 to 60 days after sight, documents against acceptance.
Druggists' sundries	United States, C. O. D.
Flour (wheat)	United States, 30 to 60 days after sight, documents against acceptance; China 30 to 60 days after sight, documents against acceptance, or sight draft, documents against payment

Commodity	Terms
Groceries and provisions	United States, 30 to 60 days after sight, documents against acceptance; Great Britain, 30 to 60 days after sight, documents against acceptance, or sight draft, documents against payment.
Hides and leather	Letter of credit (30 to 60 days after sight, documents against acceptance); C. O. D. China; sight draft, documents against payment; or open account.
Industrial machinery	United States, open account (larger firms); Germany, open account (larger firms); Great Britain, open account (larger firms).
Motor vehicles	From Japan (American authorized dealer basis).
Office equipment	United States, C. O. D. or cash advance payment.
Paint and varnish	United States, 30, 60 and 90 days after sight, documents against acceptance; Great Britain, consignment.
Piece goods	Great Britain, 60 to 90 days after sight, documents against acceptance.
Plumbing and heating equipment.	United States, 30 days after sight, documents against acceptance; Letter of credit; and 60 to 90 days after sight, documents against acceptance. Germany, letter of credit, and 60 to 90 days after sight, documents against acceptance. China, sight draft, documents against payment; or 60 days after sight, documents against acceptance.
Railway material and supplies	United States, Great Britain, and Belgium, open account.
Surgical instruments	United States, C. O. D., or 30 to 60 days after sight, documents against acceptance.
Tobacco leaf	United States, open account; China, 30 to 60 days after sight, documents against acceptance, or open account; India and Philippine Islands, open account.

The usual credit term is from 30 to 90 days after acceptance of drafts which are accompanied by the shipping documents. Small transactions for the principal commodities imported are negotiated generally as indicated above.

In direct transactions where the amount involved is not under 1,000 yen ($500), exporters and manufacturers generally require a letter of credit or a partial payment in advance. With continued transactions exporters and manufacturers grant importers easier credit terms, but always drafts accompany shipping documents, as indicated above.

Payments for larger importations by the leading Japanese commercial houses are settled through open accounts; that is, through the branch offices of these houses abroad and the head offices in Japan, by periodical remittances on accounts between them.

When considering the question of credit and payment terms in Chosen it is well to remember that, in general, there are no large direct transactions with the United States or other foreign countries. The bulk of the importation is transacted under special conditions, principally by Japanese firms with branches or agencies of head offices in Japan. Language difficulties, the arrangement of credits, shipping formalities, and related matters prevent the ordinary business house from engaging directly in importation. This business has by force of circumstances been mainly concentrated in the hands of a comparatively few larger corporations, under both foreign and Japanese management.

COLOMBIA

Assistant Trade Commissioner James J. O'Neil, Bogota

Commodity	Terms
Agricultural equipment	120 days after date.
Automotive accessories	Do.
Building material	120 days after date; sometimes, bankers' credit.
Construction machinery	Do.
Druggists' sundries	120 days after date.
Electrical supplies	60 or 120 days after date, interest after 60 days.
Feedstuffs	120 days after date.
Flour	Do.

Commodity	Terms
Footwear	90 to 120 days after date.
Groceries and provisions	Do.
Hardware	120 days after date.
Hides and leather	Do.
Industrial chemicals	Do.
Industrial machinery	120 to 180 days after date; bankers' credit frequent.
Jewelry	120 days after date.
Motor vehicles	Largely cash basis, with payments quaranteed by finance companies.
Notions and novelties	120 days after date.
Office equipment	Do.
Packing-house products	30 days after sight.
Paint and varnish	120 days after date.
Piece goods	Do.
Plumbing and heating equipment	Do.
Printing machinery and supplies	Do.
Radio apparatus	Do.
Sporting goods	30 days after sight.
Stationery, books, etc	90 to 120 days after date.
Surgical and precision instruments	60 to 150 days after date.
Theater equipment	120 days after date.
Thread and yarn	Do.
Wearing apparel	Do.

American firms usually allow from 60 to 90 days after sight, but longer terms are frequently granted by European houses and sometimes by American firms to old-established connections. These long credits are frequently a necessity, owing to high interest rates and transportation difficulties. English shippers very frequently grant 180-day open account; it is reported that England's trade probably averages 80 per cent on open account. Germany also does considerable business on open account and sometimes allows even longer than 180-day open account and ships on consignment. English manufacturers seldom trade direct, as export merchants handle the bulk of the trade.

American exporters do practically no business on open account with firms in Colombia. Shipments on a basis of cash with order or cash at time of shipment are rare, and shipment on the basis of sight draft, documents against payment, from the United States, probably do not amount to 10 per cent of total transactions.

Most of the business from the United States, probably 80 per cent, is done on a time-draft basis. Many Colombian merchants prefer "date" terms as against "sight" because of the certainty which it gives to the due date of the bill. "Documents against acceptance" is not used. The drafts usually arrive after the goods are received at the port and must be cleared by the agent of the importer within five days from date of arrival. The agent receives a set of documents from the shipper, pays the duty, and sees to the dispatch of the merchandise to the interior.

Merchandise for firms in Bogota is usually shipped c. i. f. Cartagena, Santa Marta, or Puerto Colombia. The practice is to consign the merchandise to customhouse brokers or warehousemen and not to banks. Shipments "to order" are not permitted.

Very rarely is any business done on a basis of letter of credit.

[See section under heading, Venezuela, discussing the matter of consignment of merchandise and the forwarding of documents. A similar situation exists in Colombia.]

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COSTA RICA

Vice Consul R. W. Uncles, San Jose

Usual terms are 30 to 60 days after sight, documents against acceptance. In cases where sales are occasional, or the amounts of invoices are relatively extra large, purchases are made on a basis of cash against documents. The usual practice is first to grant 30 days after sight; after confidence is established, this may be extended to 60 days.

European terms are generally much longer than American, especially in dry goods from Great Britain, with which many of the older firms here are granted "account current" terms by Manchester manufacturers. Terms allowed by the woolen trade of Leeds, Bradford, and other centers are usually shorter and are limited to about 120 days after sight for good customers. The Nottingham manufacturers of laces, curtains, and some cotton goods generally grant 120 days after date of invoice and a maximum of 150 days after date of invoice.

A few of the old concerns in San Jose still carry open accounts with firms abroad, with interest.

None of the responsible firms care for the terms "cash with order" or "cash at time of shipments"; and are even less favorably disposed toward letters of credit of any nature.

American firms appear to grant 30 to 60 day sight draft, with documents attached; 60 days after sight being the more general practice. Spanish concerns usually grant terms of 90 days after date of invoice, and German firms 120 to 180 days after date of invoice, with interest.

The approximate percentages of the importing into Costa Rica, done under the various methods of payment, are as follows:

	Per cent
Open account	5–8
Cash with order or at time of shipment	1
Sight draft attached to documents	10
Time draft attached to documents	75
On consignment	1

CUBA

Assistant Commercial Attaché Albert F. Nufer, Habana

COMMODITIES AND TERMS

Agricultural implements.—Sixty to ninety day sight draft, documents against acceptance. To a few connections of long standing some manufacturers ship certain types of implements on consignment. There is a good deal of variation in the terms granted, depending on the standing of the firm and the type of equipment sold.

Automobile accessories.—Sixty-day sight draft, documents against acceptance.

Automobiles and trucks.—Cash at time of shipment. If payment is made direct by distributor, it is usually by confirmed irrevocable letter of credit.

Building material.—Cash on delivery at location of job, up to 30 to 60 day sight draft, documents against acceptance.

Construction and industrial machinery.—General terms are 60 to 90 day sight draft, documents against acceptance. All replacement parts are shipped cash against documents and on basis of 2 per cent for payment within 10 days, 30 days after date, net. German houses frequently ship with terms of 120 to 180 day sight draft, documents against acceptance. The British manufacturers formerly gave similar terms, but tend to restrict their credit terms to practically the same as offered by American houses.

Druggists' sundries.—The usual credit terms on drug-store lines in general are 60-day sight draft, documents against acceptance; in some cases, 90 days. The terms offered by German manufacturers run to 120 and even to 150 day sight draft. While most of this business is done on draft basis, some shipments are also made on consignment.

Electrical supplies.—60 to 90 day open account. European manufacturers grant up to 120-day open account.

Feedstuffs.—The usual terms granted by American exporters of feedstuffs are sight draft, shipping documents attached. This applies to prepared dairy and poultry feed as well as to corn, oats, hay, etc. (The bulk of Cuba's corn imports come from the Rio Plate, and purchase thereof is often on irrevocable letter-of-credit basis.)

Flour.—Leading mills offer flour on the following terms, buyer's option:

Cash against documents at point of shipment (letter of credit), 20 cents per bag discount.

Sight-draft documents attached on arrival of shipment at port of destination, 10 cents per bag discount.

Forty-five-day date draft, net.

Footwear.—Quotations are made on basis of open account, 30 days, but it is generally understood that payments may be made up to 90 days. Practically the entire business in shoes is done on open account with a very small percentage on consignment. Drafts are not used. Local manufacturers give the same terms as a rule.

Fresh fruit and vegetables.—With the exception of potatoes and onions, fresh fruit and vegetables are sold on a letter-of-credit basis. Potatoes and onions are sold on sight-draft basis, documents attached, payable on arrival of merchandise, guaranteeing 95 per cent sound on arrival.

Furniture.—Ninety days after sight, documents against acceptance. European exporters occasionally extend 180 days.

Groceries and provisions.—Beans: First hands as a rule demand payment on sight-draft basis and in rare cases letter of credit. Commission houses usually grant draft terms of 45 days after date. (In the case of Japanese beans when imported direct from the Orient, terms are always irrevocable letter of credit.)

Rice: Sight draft, documents attached. (This refers to American rice only, as rice imported direct from the Orient, which comprises over 90 per cent of Cuba's heavy imports of rice, is invariably sold on irrevocable letter-of-credit basis.)

Canned fruit and vegetables: Drafts, 30 days after sight, or 60 and 90 days after date, with optional discount of from 1½ to 2 per cent for payment on sight-draft basis.

Salt: Thirty day sight draft, documents against acceptance.

Canned sardines: Sight draft and 30-day sight draft, documents against acceptance basis.

Hides and leather.—Practically the same as for shoes—open account with 5 per cent for payment within 30 days, 4 per cent for payment within 40 days, and 50 days or more, net. Payment usually made up to 60 days by houses of established reputation. Practically all business is done on open-account basis. Drafts are not used, and very little business is done on consignment.

Hardware.—Ninety days after sight, documents against acceptance. European exporters, principally German, extend credit to 150 days after sight.

Jewelry.—American fine jewelry purchased on open account, payment within 30 to 60 days. On costume jewelry, terms are usually 30 to 60 days open account. European manufacturers of fine jewelry sell on open account, generally 90 to 120 days.

Notions.—Usually billed at 30-day open account, with discount of from 1 to 3 per cent for payment within 10 days. Some European exporters, mostly German export commission houses handling a variety of notion lines, sell on a basis of 120 to 180 day sight draft, documents against acceptance.

Office equipment.—Office equipment supplied by local branches of manufacturers is sold on open account to firms of good credit standing, with payment required before the 10th of the month following the purchase.

Paint and varnish.—Sixty to ninety day sight draft, documents against acceptance. A brand of British white lead is sold exclusively on the basis of cash against documents.

Paper.—Ninety day sight draft on orders of newsprint paper. The same credit terms are followed by exporters of other paper products, as well as cash against documents. Paper mills rarely allow credit. European exporters of newsprint paper usually conform to the American practice.

Piece goods.—Piece goods are generally quoted on open-account basis, with 3 per cent for payment within 10 days and 2 per cent for payment within 30 days, although all houses of recognized standing are given longer accommodations.

Plumbing supplies.—Sixty days after sight, documents against acceptance.

Packing-house products.—Sight draft and 30-day sight-draft terms, fairly evenly divided.

Radio apparatus.—Three different terms of payment obtaining: Cash with order, sight draft on arrival of merchandise, and 60-day sight draft, documents against acceptance. Sales made by branch houses of large electrical-goods manufacturers vary from 30 to 60 day sight draft to open account, according to the credit of the subdistributors.

Railway equipment.—Terms to sugar mills, cash against documents, Cuba. In many instances one-fourth, one-third, or one-half the invoice value is required with the order and the balance against documents.

Sporting goods.—Thirty to ninety day sight draft, documents against acceptance. European terms, 120 days after date, documents against acceptance.

Surgical instruments.—Open account, 2 per cent 10 days, net 30; in the case of large orders to well-known firms, longer time for payments is sometimes allowed. German firms give longer terms—4 and even 6 months in some cases.

Thread and yarn.—Rayon yarn: Sight draft; rarely 60 days after sight, documents against acceptance. German yarn companies give 90-day sight draft, or permit payment up to 6 months. Practically all business is done on an accepted-draft basis and very little on open account.

Cotton yarn: Ninety day sight draft, documents against acceptance, for both European and American yarn; 120 days after date sometimes granted.

Theater equipment.—One company manufacturing sound-producing equipment demands 10 per cent cash and the balance over a 3-year period, secured by accepted drafts; another concern leases its sound-producing equipment for a period of 10 years under a contract providing for total payment within a period of 2 years. Less costly equipment, such as projectors, etc., is sold on terms ranging from 60 to 180 days, both against accepted drafts and on open account.

Tobacco.—Sight draft, documents against payment.

CZECHOSLOVAKIA

Assistant Trade Commissioner Sam E. Woods, Prague

Commodity	Terms
Agricultural equipment	25 per cent cash with order; balance 30 days after sight, documents against acceptance.
Automotive accessories	Cash against documents.
Building material	60 days after sight, documents against acceptance.
Construction machinery	25 per cent cash with order; balance 60 to 90 days after sight, documents against acceptance.
Druggists' sundries	30 to 90 days after sight, documents against acceptance.
Electrical supplies	Cash against documents; in some cases 30 to 60 days after sight, documents against acceptance.
Feedstuffs	Cash against documents.
Fibers, raw	30 to 90 days after sight, documents against acceptance.
Flour	Do.
Footwear	60-day open account.
Fresh fruits and vegetables	Cash against documents.
Fuel, ores, etc.	Do.
Groceries and provisions	60 days after sight, documents against acceptance.
Hardware	60 to 90 days after sight, documents against acceptance.
Hides and leather	Cash against documents; or 30 to 60 days after sight, documents against acceptance.
Industrial chemicals	Cash against documents.
Industrial machinery	25 per cent cash with order; balance 60 to 90 days after sight, documents against acceptance.
Motor vehicles	Cash with order or at time of shipment; or 30 to 60 days after sight, documents against acceptance.
Notions and novelties	60 to 90 days after sight, documents against acceptance.
Office equipment	Do.
Packing-house products	Cash against documents.
Paint and varnish	60 to 90 days after sight, documents against acceptance.
Piece goods	Do.
Plumbing and heating equipment	Do.
Printing machinery and supplies	25 per cent cash with order; balance 30 to 60 days after sight, documents against acceptance.
Radio apparatus	60 to 90 days after sight, documents against acceptance.
Railway material and supplies	Cash against documents.
Sporting goods	Cash against documents; or 30 to 60 days after sight, documents against acceptance.
Stationery, books, etc.	Cash on delivery.
Surgical instruments	25 per cent cash with order; balance 60 to 90 days after sight, documents against acceptance.
Theater equipment	Cash against documents.
Tobacco	50 per cent or less on arrival; balance after satisfactory tests are made in tobacco factory.
Wearing apparel	60 to 90 days after sight, documents against acceptance.

A basis of cash against documents is usually sought by American exporters; as a rule a bank guaranty (irrevocable letter of credit) is requested before terms are granted, unless satisfactory dealings have been carried on over a period of time. A discount of 2 to 2½ per cent is usually allowed for cash in 30 days if credit terms are from 60 to 90 days.

In the fancy goods trade such as notions, toilet articles and toilet preparations, there is a marked preference for French manufactures, although American products have recently gained considerable popularity. Small metal wares and general machinery lines are imported from Germany for the most part, because of low cost and favorable credit extensions. However, the tendency has been toward standardized, higher priced equipment, and sales of American machinery have been increased in the last few years, solely from this standpoint.

Czechoslovakia is to be considered largely as a price market, in that local importers are willing to forego the importation of quality merchandise in favor of German and Austrian goods, which are offered at low prices and liberal credit accommodations. High transportation costs, length of time, and the necessity of using solid containers are three important factors that adversely affect the trade with the United States.

German and Austrian firms, who are the principal competitors of American exporters in the Czechoslovak market, extend local importers credit terms up to 6 months and grant them higher discounts for earlier payments. In many instances the goods are sent to their Czechoslovak representatives on consignment, the seller drawing on the consignee a draft for a certain percentage of the invoice price, while the balance is remitted when the goods are actually sold.

DANZIG

Consul C. Warwick Perkins, jr., Danzig

COMMODITIES AND TERMS

Automotive accessories.—American 90 days after sight, documents against acceptance; French and German, 120 to 150 days after sight, documents against acceptance.

Dried fruits.—American prunes and raisins; sight draft, documents against payment; European raisins, C. O. D., or 30 days after arrival; European prunes, 30 days after arrival.

Flour.—American, sight draft, documents against payment Danzig.

Fresh fruits (apples).—American, sight draft, documents against payment. Austrian, sight draft, documents against payment.

Fuel and ores (scrap iron).—American, through dealers in Germany and Denmark, 3 to 6 months. Danzig is only a transshipment point for scrap metal which is purchased by the central purchasing agency of the Polish steel mills.

Industrial chemcials (phosphate).—Phosphate rock shipped to Danzig is practically all destined for Poland. As no general rule can be deduced from the information obtained, a few typical transactions are cited:

(*a*) Pebble phosphate from Tampa, c. i. f. Danzig: 95 per cent of invoice less ocean freight to be paid to a bank in London upon steamer's arrival at Danzig, the balance of 5 per cent (in reality a commission to the London broker) to be paid later.

(*b*) Hard rock phosphate from Fernandina: 6 months' credit after arrival at Danzig. (Sold through a Belgian firm.)

(*c*) From Casablanca: five-sixths of the invoice payable in Paris on the vessels' arrival at discharging port, balance within 3 to 6 months.

(*d*) From Susa, Tunis: Payment 9 months after arrival at Danzig.

Leather.—American leather is paid for by sight draft, documents against payment; German, 90-day open account.

Motor vehicles.—The American manufacturer receives cash, and the distributor, dealer, and retail purchaser are all financed by American or German credit companies; German procedure, the same.

Office equipment.—American typewriters: Sight draft, documents against payment, to 90 days after sight, documents against acceptance. Other makes must be paid for in cash when withdrawn from the transit stores of the forwarding agent. German exporters usually grant 30 days'credit after the receipt of the goods, which is practically as favorable as 90 days after sight, documents against acceptance, in the case of American typewriters.

Packing-house products.—Packers are represented in Danzig by indent agents, who forward orders to Hamburg. Terms are documents against payment Danzig, or 30 days after sight, documents against acceptance, according to the financial standing of the purchaser.

Tobacco.—The Danzig Tobacco Monopoly pays against sight draft (documents against payment, Danzig) for all tobacco, including cigarettes.

The foregoing list includes the principal commodities exported from the United States to Danzig for ultimate distribution both in the Free City and in Poland.

Trade practices vary so greatly that it is impossible to deduce any general rule as to credit and payment terms in Danzig. Such terms as cash, C. O. D., and sight draft, documents against payment, appear as a rule principally in connection with transactions in foodstuffs, agricultural products, packing-house products, and raw materials; while on manufactures, credit of some sort is usually extended, ranging from 30 to 120 days, and sometimes even more. The average is probably 90 days after sight, documents against acceptance, but on such permanent equipment as machinery, large electrical installations and apparatus, and motor vehicles, longer credits are expected.

If a considerable line of credit is opened, it is sometimes the practice to require a bank guaranty, or collateral, or even real-estate mortgage security, and in the case of a limited company (actually a limited partnership) with limited assets, to ask that obligations have the personal indorsement of the principal partner.

A number of German manufacturers have branch houses in the Free City, and many European exporters maintain consignment stocks in bonded warehouses maintained by forwarding agents or by the importing firms themselves.

In certain lines American exporters grant terms comparable to those extended by their European competitors, but in most instances the European terms are more favorable.

DENMARK

Commercial Attaché H. Sorensen, Copenhagen

Commodity	Terms
Agricultural implements	Importers for own account are usually granted 90 to 120 days after sight. German manufacturers frequently invoice direct to customers and often take over the purchasing contracts as payment. In larger equipment, such as threshing machines, terms to buyers run as high as 2 years, with semiannual payments. Interest and discounts for buyer's account; the interest, as a rule, is 7 per cent.
Automotive accessories	60 to 90 days after sight, documents against acceptance; 2 per cent discount for cash against documents.
Building material	30 days after sight, documents against acceptance, minus 2 per cent; or 90 days after sight, net.
Construction machinery	30 days net, figured from first day of month following delivery.
Druggists' sundries	30 days after date, documents against acceptance.
Electrical supplies	90 days after sight, documents against acceptance.
Flour	Cash against documents most common, but cash against arrival of goods also widely used.
Footwear	30 days after sight, documents against acceptance, minus 2 per cent.

Commodity	Terms
Feedstuffs	Confirmed letter of credit New York (or elsewhere).
Fuel	Cash against documents Copenhagen.
Fresh fruit	Do.
Groceries	Do.
Hardware	Cash against documents minus 2 per cent, or 3 months on open account.
Hides	Cash against documents Copenhagen.
Industrial chemicals	Do.
Industrial machinery	30 days after arrival minus 2 per cent, or 3 months on open account.
Motor vehicles	25 per cent cash with order or at time of shipment, with balance spread over 12 months.
Notions and novelties	30 days sight, documents against acceptance, minus 2 per cent; or 60 days net on open account.
Office equipment	90 days after sight, documents against acceptance.
Paint and varnish	30 days after sight, documents against acceptance, minus 1½ per cent or 3-month open account.
Packing-house products	Cash against documents Copenhagen.
Piece goods	Cash on arrival minus 4 per cent, or 30 days after first day of month following delivery, minus 2 per cent.
Plumbing and heating equipment	30 days after sight, documents against acceptance, minus 5 per cent, with an additional 2½ per cent for payment within 10 days.
Printing machinery and supplies	30 days, minus 2 per cent, or 3 months after sight.
Radio apparatus	30 to 90 days after sight, documents against acceptance.
Railway material and supplies	Net cash 15 days from 1st day of the month following delivery.
Sporting goods	30 days after sight, documents against acceptance, minus 2 per cent or 3 months on open account.
Stationery	30 days minus 2 per cent, or 3 months after sight.
Surgical instruments	30 days after date, documents against acceptance.
Thread and yarn	6 months' credit, first 3 months without interest.
Tobacco	Cash, minus 4 per cent; from 6 to 12 month sight draft; latter most common.
Wearing apparel	30 days after 1st day of month following delivery, minus 2 per cent; or 3-month sight draft.

Denmark is a long-term market from a credit point of view, terms of 90 to 180 days being as common as terms of 30 and 60 days, and such terms as C. O. D. and confirmed letters of credit being the exception rather than the rule. Consignment is coming into wider use in many lines, and open account is also widely used by American exporters as well as by German and English competitors. While open account is hardly to be recommended for American exporters, except in cases where the connection is of long standing and of unquestioned reliability; consignment, on the other hand, in many lines can often be made a very effective form of sales promotion which, instead of increasing the credit risk should really tend to reduce it. Arrangements for control of consignment stocks are easily made and costs can be reduced to a minimum, as the local representatives are usually willing to pay all charges and even, if required to do so, to put up a bond for the payment of eventual return freights.

Terms granted by German exporters, and also to a less pronounced extent by English and Czechoslovak export houses, are apparently somewhat more liberal than those granted by American shippers. The difference, however, is not very great—probably not greater than the difference in time of shipment from the United States and from European countries.

DOMINICAN REPUBLIC

Vice Consul Albion W. Johnson, Santo Domingo

Commodity	American terms	European terms
Agricultural implements	90 days after sight, documents against acceptance.	Not known.
Building material	Not known	60 to 90 days after sight, documents against acceptance.
Electrical effects	60 to 90 days after sight, documents against acceptance.	Do.
Footwear	30 to 90 days after sight, documents against acceptance.	Do.
Furniture	30 to 120 days after sight, documents against acceptance.	30 to 120 days after sight, documents against acceptance.
Hardware	30 to 90 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Jewlery	90 days after sight, documents against acceptance.	30 to 120 days after sight, documents against acceptance.
Machinery	30 to 90 days after sight, documents against acceptance.	60 to 120 days after sight, documents against acceptance.
Packing-house products	30 to 60 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Paint and varnish	60 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Piece goods	30 to 90 days after sight, documents against acceptance.	120 to 180 days after sight, documents against acceptance.
Provisions and groceries	30 to 60 days after sight, documents against acceptance.	30 to 90 days after sight, documents against acceptance.
Sporting goods	60 days after sight, documents against acceptance.	Not known.
Stationery, etc	90 to 120 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Thread and yarn	60 days after sight, documents against acceptance.	Not known.
Wearing apparel	30, 90, and 120 days after sight, documents against acceptance.	120 to 180 days after sight, documents against acceptance.

While the foregoing table shows the range of credit obtaining when any credit at all is granted, it should be borne in mind that in many of these lines, particularly electrical goods, paints and varnishes, piece goods, provisions and groceries, and wearing apparel, a great deal of importing is done on a strictly cash basis.

Automotive accessories and automobiles are probably the lines in which the least credit is extended at present. Practically all imports of this class come from the United States, and most American suppliers demand cash. Motor vehicles are also imported on cash payment.

Importers and wholesalers in the Dominican Republic practically never sell for cash. The retailers replenish their stocks upon credit which is liquidated as the stocks are disposed of. The importers and wholesalers likewise plan to reimburse the manufacturers and exporters with the proceeds of collections.

Much importing is also done directly by retailers, who also generally expect credit until a good part of the imports have been marketed.

In maintaining that they must be given ample credit, the Dominican importers lay stress on the fact that the import duties are high and must be paid in full before the merchandise can be removed from the customhouse.

Approximately 30 per cent of the merchandise imported into the Dominican Republic is paid for by cash, while the remaining 70 per cent, bought on credit, is mostly purchased on payments ranging from 60 to 90 days after the arrival of the merchandise at the port of entry.

ECUADOR

Consul General Harold D. Clum, Guayaquil

Commodity	American terms	European terms
Agricultural equipment	90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Automotive accessories	60 to 90 days after sight, documents against acceptance.	Not known.
Biscuits and confectionery	Not known	90 days after sight, documents against acceptance.
Building material	Sight draft, documents against payment, to 30 days after sight, documents against acceptance.	Not known.
Cement	Not known	90 days after sight, documents against acceptance.
Construction machinery	Letter of credit, 30 to 60 days after sight, documents against acceptance.	Not known.
Druggists' sundries	90 days after sight, documents against acceptance, and 120 days after date, documents against acceptance.	90 days after sight, documents against acceptance.
Electrical supplies	30 to 60 days after sight, documents against acceptance.	Not known.
Fibers, raw	30 days after sight, documents against acceptance.	Do.
Flour	30 to 60 days after sight, documents against acceptance, and 90 days after date, documents against acceptance.	Do.
Footwear	90 days after sight, documents against acceptance, and 120 days after date, documents against acceptance.	90 days after sight, documents against acceptance.
Fuel, ores, etc	Letter of credit (confirmed)	Not known.
Furniture (steel, office)	30 to 90 days after sight, documents against acceptance.	120 days after sight, documents against acceptance.
Groceries and provisions	Sight draft, documents against payment, and 30 to 60 days after sight, documents against acceptance.	France, 90 days after date, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Hides and leather	30 to 90 days after sight, documents against acceptance, to 120 days after date, documents against acceptance.	Not known.
Industrial chemicals	90 days after date, documents against acceptance.	60 to 90 days after sight, documents against acceptance.
Industrial machinery	Letter of credit and 30 to 60 days after sight, documents against acceptance.	Not known.
Jewelry (imitation)	120 days after sight, documents against acceptance.	120 to 180 days after sight, documents against acceptance.
Motor vehicles	Letter of credit (confirmed)	England, 90 days after sight, documents against acceptance.
Notions and novelties	30 to 90 days after sight, documents against acceptance.	120 days after sight, documents against acceptance.
Office equipment	60 to 90 days after sight, documents against acceptance.	60 to 120 days after sight, documents against acceptance.
Packing-house products	Sight draft, documents against payment, to 30 days after sight, documents against acceptance.	Not known.
Paint and varnish	60 to 90 days after sight, documents against acceptance.	France, letter of credit; England, 90 days after sight, documents against acceptance.
Piece goods	do	90 days after sight, documents against acceptance.
Plumbing and heating equipment.	30 days after sight, documents against acceptance.	Not known.
Printing machinery and supplies.	Sight draft, documents against payment, to 60 days after sight, documents against acceptance.	Do.
Radio apparatus	90 days after sight, documents against acceptance.	Do.
Railway material and supplies.	Letter of credit (confirmed)	Do.
Sporting goods	60 days after sight, documents against acceptance.	Do.
Stationery and books	60 to 90 days after sight, documents against acceptance.	90 days after sight, documents against acceptance.
Surgical and precision instruments.	Sight draft, documents against payment.	Not known.
Theater equipment	do	Do.
Thread and yarn	30 to 60 days after sight, documents against acceptance.	Do.
Tobacco	Letter of credit (confirmed)	Do.
Wearing apparel	do	90 days after sight, documents against acceptance.

Credit and payment terms on building material depend on the kind of material. Cement in general is bought from Europe on long terms and from the United States on confirmed-credit basis. Steel bars and other building materials are bought on long terms, usually from 30 to 90 days after sight, documents against acceptance.

Construction machinery, industrial machinery, and printing machinery are generally bought on confirmed-credit basis. Often the following terms are made: One-third cash with order, one-third when shipment is made, and the balance against sight draft, documents against payment. Small machines of little value are often sold on terms of 30 to 60 days after sight, documents delivered upon acceptance.

Tobacco products are bought on confirmed letter of credit in the United States. The tobacco business is a Government monopoly in Ecuador, known as the "Estanco de Tabacos" (Tobacco Monopoly). The "Estanco" orders either direct or through mediation of a local agent.

The usual terms granted by leading firms other than American, are from 60 to 120 days after sight, documents against acceptance, and in most cases with instructions to the banks for extensions of 30 to 60 days, in which cases interest is charged. Interest rates vary from 6 to 12 per cent per annum. German and British competitors grant these extensions freely, counting upon them when making the sales. American firms as a rule do not grant extensions but are often forced in cases of emergency to allow them when the debtors fail to pay on maturity.

Approximate percentages of the various methods of payment in general use are as follows:

	Per cent
Open account	1
Cash (including cash with order or cash at time of shipment)	5
Sight draft	13
Time draft	80
Consignment	1

EGYPT

Commercial Attaché Charles E. Dickerson, jr., Cairo

Commodity	Terms
Agricultural equipment	Up to one year after sight (e. g. tractors, plows, threshers), average 90 days after sight, documents against acceptance.
Automotive accessories	60 to 120 days after sight, documents against acceptance.
Building material	Cash against documents, Alexandria.
Construction machinery	90 to 120 days after sight, documents against acceptance.
Druggists' sundries	Do.
Electrical supplies	60 to 120 days after sight, documents against acceptance.
Foodstuffs	60 to 90 days after sight, documents against acceptance.
Fibers, raw	Cash against documents, Alexandria.
Flour	60 to 90 days after sight, documents against acceptance; or cash against documents, Alexandria.
Footwear	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Letter of credit, cash against documents, or 30 to 60 days after sight, documents against acceptance.
Fuel	Cash against documents, Alexandria.
Furniture	90 to 120 days after sight, documents against acceptance.
Groceries and provisions	60 to 90 days after sight, documents against acceptance.
Hardware	Do.
Leather	Do.
Industrial chemicals	Cash against documents, Alexandria.
Industrial machinery	6 to 9 months after sight, documents against acceptance.
Jewelry	Consignment; also 90 days after sight, documents against acceptance.

Commodity	Terms
Motor vehicles	Full letter of credit; part letter of credit, balance against documents, Alexandria; cash against documents, Alexandria; or up to 90 days after sight, documents against acceptance, through financing companies.
Notions and novelties	60 to 90 days after sight, documents against acceptance.
Office equipment	90 to 120 days after sight, documents against acceptance.
Packing-house products	60 to 90 days after sight, documents against acceptance.
Paint and varnish	90 to 120 days after sight, documents against acceptance.
Piece goods	Cash against documents, Alexandria; or 90 to 120 days after sight, documents against acceptance.
Plumbing and heating equipment	60 to 90 days after sight, documents against acceptance.
Printing machinery and supplies	Up to 1 year, payable in monthly installments.
Radio apparatus	90 days after sight, documents against acceptance.
Railway material and supplies	Cash against documents, Alexandria.
Sporting goods	60 to 90 days after sight, documents against acceptance.
Stationery, books, etc	60 to 90 days after sight, documents against acceptance; or consignment.
Surgical and precision instruments	60 to 120 days after sight, documents against acceptance.
Theater equipment	Cash against documents, Alexandria.
Tires	Up to 180 days after sight, documents against acceptance by American firms. European competitors consign.
Tobacco	Cash against documents, Alexandria.
Wearing apparel	90 to 120 days after sight, documents against acceptance.

No mention is made of open account in the above table, as it represents a special case in all instances, although the total business done on open account in Egypt is not inconsiderable. It should be added that the bulk of the time-draft business is on a basis of documents against acceptance rather than documents against payment.

From the foregoing table it will be seen that the most usual terms granted by our leading foreign competitors to local agents are 60 to 90 days after sight, documents against acceptance.

The Egyptian market presents certain features which are certainly foreign to American manufacturers not experienced in trading with the Near East. For example, there is the practice of asking extensions on drafts. Firms in perfectly good standing will do this if they are temporarily hard pressed for cash. It can by no means be taken as an evidence of bad faith on the part of the customer, nor yet as an indication that he is near bankruptcy. Another not uncommon proceeding is the failure to pay drafts on time. Merchants who have no intention whatever of evading payment will frequently let their drafts run two or three weeks over due, if they have heavy payments to make at the time on other obligations or large collections outstanding, with no wrong intended.

Under "open account" are included shipments made to the direct branches in Egypt of foreign manufacturers and exporters. The total number of local firms receiving open-account terms is small, but includes some of the largest and soundest houses, whose transactions run to a large figure. In this group are, for example, some of the leading department stores, as well as some of the largest textile wholesalers.

Estimates of the approximate percentages of imports into Egypt on the various terms specified are as follows:

	Per cent
Open account	10–15
Cash (including cash with order or cash at time of shipment)	Negligible.
Sight draft	30
Time draft	40–50
Letter of credit	5–10
Consignment	5

ESTONIA

Consul Harry E. Carlson, Tallinn

Commodity	American terms	Foreign terms
Agricultural machinery	90 to 270 days	Up to 2 years.
Automotive accessories	60 to 90 days	Up to 180 days.
Electrical supplies	30 to 90 days	60 to 180 days.
Cotton, raw	90 days	90 days.
Flour, wheat	60 to 90 days	120 days.
Groceries and provisions	do	60 to 180 days.
Hardware	do	Do.
Hides and leather	do	60 to 90 days.
Industrial chemicals	30 to 60 days	30 to 90 days.
Industrial machinery	90 days	Up to 2 years.
Motor vehicles	Cash against documents to 90 days	Up to 18 months.
Grain	30 to 90 days	30 to 90 days.
Office equipment	do	90 to 180 days.
Packing-house products	Cash against documents to 60 days	30 to 90 days.
Paint and varnish	do	Do.
Tobacco	90 days	90 to 240 days.

German, Swedish, and British manufacturers and exporters grant the most favorable terms, six months being secured very easily, without interest. This is easy on their part, owing to the proximity of these countries to Estonia, which enables them to keep a constant check on the credit standing of Estonian importers. The short distance also permits smaller orders at a time, so that the actual amounts involved do not become exceedingly high.

In many cases Estonian firms are willing to pay interest of 4 to 6 per cent per annum on credits. This rate of interest can be considered very low as compared with the average of 12 per cent per annum, charged by local banks.

The following is an estimate of distribution of the total imports into Estonia among the various methods of payment in general use in foreign trade:

	Per cent
Open account	5
Cash (cash with order or cash at time of shipment)	5
Sight draft	40
Time draft	35
Letter of credit	10
Consignment	5

ETHIOPIA

Vice Consul James L. Park, Addis Ababa

Credit terms usually granted on the leading commodities imported into Ethiopia are as follows:

Automotive accessories.—The trade is new, only about 5 years old, and credit terms have not been extended. It is probably three-quarters American. The usual American terms have been C. O. D. Orders are small. French manufacturers allow C. O. D. and open account. England, the only other competitor of any importance, generally requires cash with order and occasionally grants C. O. D.

Building material.—Modern building ideas have just penetrated and may increase greatly. The sources in order of importance are Belgium, Germany, France, and Austria. Terms of C. O. D. are usual. Increasing use is being made of 30 to 60 days after sight, documents against acceptance, and occasionally 30 to 90 days after date, documents against acceptance.

Druggists' sundries.—Drugs and medicines are meagerly but steadily imported, and are available only in a few leading cities. Germany supplies on C. O. D. terms, sometimes granting a month after sight. Importers from France work on open account. The limited Italian imports are paid usually 90 days after acceptance of draft at the local bank. American druggists' sundries, a new arrival, have been known to be payable C. O. D. and 60 days after date, documents against acceptance.

Footwear.—Usual terms are C. O. D. from France, England, and the United States. Consignment and C. O. D. from Germany. The demand is still desultory but is believed to be on the way to importance within a few years.

Groceries and provisions.—England, France, and Italy are the main participants in this line. American canned and dried fruits, chiefly via English wholesalers, are well established, and with several American condiments comprise a steady if minor part of the trade. The rule is payment 60 to 90 days after sight, documents against acceptance.

Hardware.—Chief sources of hardware are Germany, Belgium, and France. This is one of the more important items of import, appearing to merit careful American study. The common practice of payment is by draft 30 to 90 days after sight, documents against acceptance.

Industrial machinery.—A very limited but potentially important trade, with no prevailing credit and payment practice. Each purchase is made on conditions indicated by its nature and by attending circumstances. Payment is mainly 25 to 50 per cent in advance and the balance payable C. O. D. Chief sources are England, France, and Italy, with occasional American imports.

Motor vehicles.—The trade is chiefly American. American terms have been principally cash with order, rarely C. O. D., and almost never time allowance of any kind. Different American financing plans have been adopted by local agencies. France and Italy, the minor automotive suppliers to this market, usually permit C. O. D. shipments.

Notions and novelties.—France has a practical monopoly of this business in Ethiopia, about equally on open account and C. O. D., depending upon the general character of and familiarity with the importer. There have been odd purchases from American manufacturers, mainly cash with order, and sometimes C. O. D. if by parcel post.

Paint and varnish.—Payment varies from 30 to 90 days after sight, documents against acceptance, on the controlling Belgian, French, and English products.

Piece goods.—Japanese trade, which leads, is handled for Ethiopia mainly through Japanese manufacturers' direct agencies at Bombay and Cairo. Some local importers deal directly with factories in Japan. Terms are almost invariably irrevocable confirmed letter of credit with payment 30 days after sight documents against acceptance.

English (Manchester) piece goods are supplied to this market chiefly through exporters who study the local requirements and increasingly endeavor to meet them through price concessions where possible. Generally no credit facilities exist. The prevailing practice is C. O. D.

Italian manufacturers are willing to handle any size of order directly or through exporters. Their credit facilities are among the most favorable and are probably the most readily available here. On good references the most common Italian credit practice is 90 days after date, documents against acceptance.

Indian piece goods, important here, are handled mainly by big dealers of a speculating sort, centering at Bombay and Aden (Arabia). Consignment is their preferred method, but shipments are made on this basis only to the strongest local Indian firms. Indian cotton goods comprise the only speculative import business of any importance in Ethiopia. Such practice is considered rather harmful to local trade as a whole.

Czechoslovak manufacturers have made a strong bid through local factory agencies for specialized piece goods, including chakhi and shawls (known as thobs). The present business slump here has annulled this effort for the time being. C. O. D. shipments were usual, but some importers were granted terms of one month after sight of draft.

American lightweight gray sheetings are imported in very limited quantities through Aden firms, generally on a C. O. D. basis.

French trade includes no piece goods of the standard sort, its trade being chiefly in cotton blankets, sewing thread, and similar limited and specialized cotton products. Terms are C. O. D. and 30 days after sight, documents against acceptance, about equally divided.

Belgium also does a good business in cotton blankets, canvas, and other cotton specialties, C. O. D. being the chief method of settlement. It is believed that if and when the amount of trade so justifies, the best credit and payment terms can be obtained from Belgian manufacturers.

Silk goods may be considered in passing as an important textile subsidiary group. Silk and rayon are capable of important developments in Ethiopia, owing

to the native fondness for gaudy finery, as well as appreciation of quality fabrics. Liberal terms are granted by the chief suppying countries—France, Italy, Austria, and Czechoslovakia. The open-account method is most common, with C. O. D. the runner-up.

Thread and yarn.—Practically all the information given under "Piece goods" applies to threads and yarns.

The most general terms are so-called "cash against documents," the documents usually being presented at the Bank of Abyssinia, the only regular banking house in the country. Cash against documents may be considered equivalent to C. O. D., the latter term being locally applied only to parcel-post shipments. Payments for parcel-post C. O. D. shipments are similarly handled through the bank. It is locally considered that C. O. D. is the best compromise between cash in advance and time payment, and the bank's chief commercial activity has been in this direction.

Credit or time payment of varying length has become very much a part of Ethiopian import trade. Ethiopia is comparatively remote from the main trade lanes, although Addis Ababa, the capital, is actually only three days by rail from the chief coastal entrance at Djibouti, French Somaliland. It is important to keep in mind that the foreign trade of this country is less than half a century old.

The following statement represents the nearest possible estimate of the relative Ethiopian prevalence of the different payment and credit terms indicated:

	Per cent
Open account	3
Cash, including cash with order and cash at time of shipment	20
Sight draft	35
Time draft	20
Letter of credit	5
Consignment	15

FINLAND

Assistant Commercial Attaché C. Roderick Matheson, Helsingfors

Finnish importers as a general practice pay cash against documents on arrival of goods for commodities in which they deal. On the whole, firms which have a good reputation locally do not without good cause refuse goods on arrival, although such cases sometimes occur.

The following table outlines the prevailing practice in connection with the leading commodities of import:

Commodity	Import terms	Local sales terms
Agricultural equipment:		
Machinery	Cash against documents	2 years to pay (installment).
Fertilizers, etc.	do	6 months after acceptance.
Smaller articles	do	12 days net.
Automotive accessories:		
General	do	30 days net.
Tires	do	Consignment to retailers.
Building material	do	According to contract terms.
Construction machinery	do	30 days net, or 90 days after acceptance.
Electrical supplies	Cash to 6 months	30 days net, or as agreed.
Druggists' sundries	do	30 days net, or 90 days after acceptance.
Foodstuffs	Cash against documents	30 days net, or up to 90 days after acceptance.
Fibers	do	30 days net.
Flour	do	Do.
Footwear		90 days after acceptance to retailers.
Fresh fruits	Cash against documents	30 days net.
Vegetables	do	Do.

Commodity	Import terms	Local sales terms
Fuel	90 days credit	15 to 30 days net.
Furniture	Up to 90 days	Varied.
Groceries	Cash against documents	30 days net.
Hardware	do	30 to 90 days after acceptance.
Hides and leather:		
Germany	90 days after acceptance	60 days net.
General	Cash against documents	30 to 60 days net.
Industrial chemicals	do	30 days net, or up to 90 days after acceptance.
Industrial machinery	do	30 days or more.
Jewelry	30 to 60 days after acceptance	Cash, or as agreed.
Motor vehicles	Cash against documents	Cash, or up to 12 to 18 months by installments.
Notions and novelties	do	30 to 90 days net.
Office equipment	do	According to contract terms.
Packing-house products	do	30 days net.
Paint and varnish:		
England	60 days net	90 to 180 days net.
Germany	40 days net	90 to 120 days net.
Others	Cash against documents	90 days net.
Plumbing and heating equipment	30 to 90 days after acceptance	30 days net, or longer after acceptance.
Printing machinery	Cash against documents	90 days after acceptance.
Printing supplies	do	Do.
Sporting goods	do	30 days net.
Stationery and books	Open credit	90 to 360 days on accounts.
Surgical instruments	30 to 90 days after acceptance	Cash.
Precision instruments	do	Do.
Theater equipment		Do.
Thread and yarn	30 days net or 90 days after acceptance	90 days after acceptance to retailers.
Tobacco	180 days on open credit	30 days net.
Wearing apparel	do	30 days less 4 per cent, or 90 days net.

FRANCE

Acting Commercial Attaché Daniel J. Reagan, Paris

Commodity	Terms
Agricultural equipment	60 to 90 days.
Automotive accessories	30, 60, and 90 days, or consignment, or cash against documents. For these products, as well as garage equipment, tools, and outboard motors, when a French representative sells to a local customer the latter is usually required to pay within 30 days after the end of the month of delivery, but straight terms of 60 to 90 days are also in current practice, a discount of 3 to 5 per cent being allowed for cash.
Building material	30, 60, to 90 days, or consignment, or cash against documents.
Construction machinery	Cash against documents or 30, 60, to 90 days; some consignment.
Electrical equipment	30, 60, to 90 days, but cash against documents is also usual in the case of large equipment. Terms may be extended to as much as 6 months, but generally such arrangements provide for part payment, one-fourth or one-third cash with order. When long terms are extended, the buyers are generally required to have their acceptances guaranteed by leading local banks or American banks doing business in France.
Foodstuffs	Cash against documents, or on a basis of 3 to 30 days after sight (or from arrival or from delivery). The usual terms for perishable goods, such as fresh fruit and canned goods, are 3 days, occasionally 8 days. Where business is done on a basis of cash against documents importers are required to open an irrevocable credit in the United States, and the goods are paid for by the American bank upon delivery of the shipping documents and the Department of Agriculture's certificate. Occasionally, imports of fresh, canned, or dried fruit are partly covered with order at so much per case or large unit.
Footwear	30, 60, to 90 days.
Fuel, ores, etc	30 to 90 days.
Furniture	Do.
Hardware	30, 60, to 90 days; or cash against documents.
Hides and leather	30, 60, to 90 days.
Industrial chemicals	30, 60, to 90 days; or cash against documents.
Industrial machinery	Cash against documents, or 30, 60, to 90 days; some consignment.
Iron and Steel	30, 60, to 90 days.
Motor vehicles	Cash against documents, or 30, 60, to 90 days (excepting branches).
Notions and novelties	Cash against documents, or 30, 60, to 90 days.
Office equipment	30, 60, to 90 days.
Paint and varnish	30, 60, to 90 days; consignments are also usual.
Paper	30, 60, to 90 days, or cash against documents.

Commodity	Terms
Petroleum and petroleum products	Confirmed credits opened in New York, New Orleans, or other terminals, and paid for upon acceptance of the shipment or upon delivery of shipping documents.
Plumbing and heating equipment	30, 60, to 90 days, or cash against documents.
Printing machinery	Cash against documents, or 30, 60, to 90 days; some consignment.
Printing supplies	Cash against documents, or 30, 60, to 90 days.
Radio apparatus	30, 60, to 90 days. Orders usually covered by irrevocable letter of credit opened in New York.
Railway material and supplies	30, 60, to 90 days.
Rubber goods	Do.
Specialties	Do.
Sporting goods	Do.
Stationery, books, etc	30, 60, to 90 days, or cash against documents.
Surgical and precision instruments	Do.
Textiles	Do.
Tobacco	Government monopoly.
Wearing apparel	30, 60, to 90 days.

It has not been specified whether terms are so many "days after sight" or "days after date" or "documents against acceptance." In view of the present communication facilities the differences do not really matter, as in most cases they do not exceed a maximum limit of 8 or 10 days above or below the actual 30, 60, or 90 day terms. It is hardly possible to dwell on these variations, which are mostly specific cases left to the discretion of the contracting parties.

Although a large share of the trade with France is done on a cash against documents basis, the usual range of terms granted by American exporters to French importers are 30, 60, or 90 day sight draft, or documents against acceptance, or from bill of lading or from delivery.

Usual discounts may be as high as 5 per cent for cash with order or against documents; 2 to 3 per cent for payment in 30 days; 2 to 3 per cent, or slightly higher, for cash on arrival, in which case part payment amounting to one-fourth or one-third is made with each order. Payments are net for 60 days or more.

American exporters seldom ship goods to France on consignment. According to French law, a sale is considered as completed the moment both parties—that is, the seller and the buyer—agree upon the price and conditions of the sale. These goods immediately become the property of the buyer, even if they are not paid for and even though they may not be actually delivered.

While the terms granted by American exporters do not generally exceed 90 days, and at most 6 months in exceptional cases, foreign exporters, especially German, make their offers attractive by currently granting terms of 6 months, a year, or longer. This is particularly true of costly equipment, such as industrial machinery, where Germans offer terms of 2, 3, or even 5 years.

Terms granted by local agents of American firms are generally longer than those which they themselves receive. Where business is done on a basis of cash against documents with firms in the United States, distributors often have to grant 30 days from the end of the month of delivery to their own client, or as long as three months, or longer.

The fact that local agents of American firms generally grant longer terms to their own clients than those which are extended to the agents by American firms often causes American firms to offer the agents some sort of compensation, such as aiding them in advertising the products sold by granting an advertising budget or extra discount, the amount of which must be used for advertising.

FRENCH AFRICA

Vice Consul John J. Coyle, Dakar, Senegal

The important commodities imported from the United States into French Africa include building material, fuel, ores, motor vehicles and automotive accessories, and tobacco.

Building material.—The leading or only commodity that can be listed in this catagory is pitch pine, which is sold through American branch organizations.

Fuel, ores, etc.—Products so designated, including petroleum products, are also sold through branches of American organizations.

Motor vehicles.—Motor vehicles and automotive accessories are sold on the basis of 90-day sight draft, documents against acceptance.

Tobacco.—Leaf tobacco is now sold on a basis of 90 days after sight, although a great deal of it was formerly sold on a consignment basis.

French exporters grant from 60 to 180 days to importers in French West Africa; these are regarded as very liberal terms.

The approximate percentages of the importing into French West Africa done under the various methods of payment, are as follows:

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	5
Sight draft, including cash on delivery shipments and sight draft to railroad bill of lading	20
Time draft	60
Letter of credit	5
Consignment	5

FRENCH GUIANA

Consul Harold E. Riggs, Georgetown

All commodities, 30 days after sight, documents against acceptance. French firms grant up to 90 days after sight on established accounts, but American firms do the greater part of their business on a 30-day draft acceptance basis. It is not generally considered advisable to extend credits, or sell on long terms to business houses in French Guiana. Initial shipments with new customers are conducted on a cash basis or on a basis of sight draft, documents against payment, until business relations warrant other terms.

FRENCH INDO-CHINA

Consul Henry S. Waterman, Saigon

In estimating the percentage of business carried on under the various terms of payment it will be necessary in order to suit local conditions, to divide the imports into two general classes:

1. Heavy machinery and hardware, automobiles, agricultural equipment, fresh fruits and vegetables—90 per cent letter of credit and 10 per cent documents against payment.

2. Groceries, small hardware, automobile accessories, notions and novelties, sporting goods, cigarettes, or, in general, those articles which are either imported in small quantities or are retailed here in inexpensive lots— 40 per cent letter of credit, 10 per cent open account, 10 per cent 30 to 60 days after sight, documents against acceptance, and 40 per cent documents against payment.

The generally accepted terms both for import and for export, especially when opening new accounts, are irrevocable confirmed let-

ter of credit. The large import and export houses exact those terms for export, and are largely prepared to comply with them for import.

Agents representing American firms are accustomed to paying documents against payment, but old connections are sometimes, but rarely, granted 30 or 60 days. Open-account business is seldom done. The large recognized importing houses seldom ask for terms better than documents against payment.

French exporters grant very liberal terms, up to 120 days or even longer, as they have every facility for obtaining accurate credit ratings. Italian and German terms are similar to American, although possibly slightly more lenient. The British and Japanese, having well-established banks in French Indo-China, are in a better position than any other foreign countries, with the exception of the French, to obtain credit ratings. The British, particularly with their machinery lines, are able to grant their customers long credits, as the commercial paper is immediately discounted in their own local banks.

FRENCH WEST INDIES (MARTINIQUE AND GUADELOUPE)

Consul James E. Parks, Martinique

Commodity	Terms
Agricultural equipment	Cash against documents.
Automobile accessories	Do.
Building material	Invoice 30 and 60 days after sight, less 1 to 2 per cent for cash. Freight paid on arrival.
Electrical supplies	Cash against documents.
Flour	Cash against documents; some open account; some 30, 45, or 60 days after sight, less discount of 10 to 15 cents per barrel for cash on presentation of documents.
Footwear	Cash against documents when purchased direct from manufacturer and 30 to 90 days' credit when purchased through French commission houses.
Fresh fruits and vegetables	Cash against documents and open account.
Fuel (coal, cargo lots)	Cash against documents.
Groceries and provisions	Cash against documents; some open account.
Hardware, tools, etc	Cash against documents.
Hides and leather	Cash against documents when ordered direct from producers, and 30 to 60 days when purchased through French commission merchants.
Fertilizers	Cash against documents; and in case of large orders, confirmed irrevocable bank credit.
Industrial machinery	Cash against documents.
Motor vehicles	Irrevocable confirmed letter of credit.
Notions and novelties	Credit of 30 to 60 days.
Office equipment	Cash against documents.
Packing-house products	Cash against documents, and credit of 30 days.
Paint and varnish	Cash against documents.
Piece goods	Usually purchased through French commission house, which grants credit of 30 to 90 days.
Plumbing supplies	Cash against documents.
Radio equipment	Do.
Railway material and supplies	Cash against documents for American material, but when purchased through French commission merchants', credit of 30 to 60 days.
Stationery, books, etc	Letter of credit.
Theater equipment, etc	Cash against documents.
Tobacco	Do.
Wearing apparel	30 to 60 days, and open account.

There is no hard and fast standard of credit terms among the merchants of Martinique and Guadeloupe. The terms of credit granted to well-known and reliable firms are usually 30 to 60 days, with a 2 to 2½ per cent discount for cash; in a few exceptional cases, however, 90 days' credit is allowed. Credit of more than 30 days is allowed by commission houses in France and the United States to a few local firms who have open accounts. In general, the leading foreign (French and Belgian) competitors sell in this market on credit of 30 days or for cash against documents, although a considerable number of firms in Martinique buy on open account. These include old well-established houses which entrust the purchase of practically all their goods to commission houses in France. Practically no open-account trading is resorted to in Guadeloupe.

Cash with order or cash at time of shipment is not practiced except by small unknown firms who are placing trial orders for a limited quantity of merchandise.

According to reliable estimates, fully 45 per cent of the importing into the French West Indies is done on the basis of cash against documents. Of the remaining 55 per cent, approximately 25 per cent is done on open account by the Martinique firms which have been referred to, and 20 per cent on time-draft basis.

GERMANY

Assistant Commercial Attaché Douglas Miller, Berlin

Commodity	Terms
Agricultural equipment	Sold through branch houses. Delivery takes place usually in June and July and machines are paid for in two installments—half in November of the same year and half in November of next year. Tractors are usually sold either on a basis of 18 monthly installments or 6 to 8 quarterly installments, interest of 2 per cent above the official German bank rate being charged by the financing institutes.
Automotive accessories	30 to 60 days after sight, documents against acceptance.
Construction machinery	Usually through finance houses, credits from 6 to 12 months are extended.
Druggists' sundries	30 to 90 days after sight, documents against acceptance.
Electrical supplies	From cash against documents to 60 days after sight, documents against acceptance.
Feedstuffs	Cash against documents.
Fibers	Do.
Flour	Do.
Footwear	60 to 120 days after sight, documents against acceptance.
Fresh fruits and vegetables:	
Oranges	85 per cent sold on auction, balance under private agreement; usually sent on consignment, and an advance made at the beginning of the season; balance of sales price remitted 2 days after auction.
Apples	60 to 70 per cent sold at auction, balance under private agreement. Of the 60 to 70 per cent about one-half is bought outright, f. o. b. shipping port United States, and the other half shipped on consignment.
Fuels, ores, etc	Cash against documents.
Groceries and provisions	Mostly cash against documents; some, 30 to 60 days after sight, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.
Hides and leather:	
Hides	Cash against documents.
Leather	30 days after sight in open account, with 5 per cent cash discount, or 90 days net against acceptance 30 days after receipt of goods.
Industrial chemicals:	
Heavy chemicals	Cash against documents.
Other chemicals	30 to 60 days after sight, documents against acceptance.
Industrial machinery	Letters of credit established with order with American or German bank.
Motor vehicles	Through financing companies.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Packing-house products	Cash against documents.
Paint and varnish	30 to 90 days after sight, documents against acceptance.
Piece goods	30 to 60 days after sight, documents against acceptance.
Plumbing and heating equipment	Do.
Printing machinery and supplies	Through financing companies, terms ranging from 24 to 36 months extended to German buyers.
Radio apparatus	30 to 60 days after sight, documents against acceptance.
Sporting goods	30 to 90 days after sight, documents against acceptance.
Stationery, books, etc	90 days after sight, documents against acceptance.
Surgical and precision instruments	30 to 60 days after sight, documents against acceptance.
Tobacco	Cash against documents.
Wearing apparel:	
Corsets	30 days after sight, with 2 per cent discount; 60 days net.
Hats	90 days, cash against documents.

GREECE

Assistant Commercial Attaché Ralph B. Curren, Athens

Commodity	American terms	European terms
Agricultural equipment:		
Small implements	60 to 120 days after sight, documents against acceptance.	90 to 180 days after sight, documents against acceptance; also straight consignment.
Large machinery	180 to 365 days after sight, documents against acceptance.	
Automotive accessories	60 to 90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Building material	Letter of credit, New York; documents against payment; or 60 to 90 days after sight, documents against acceptance.	Do.
Construction machinery	Negligible	60 to 120 days after sight, documents against acceptance.
Druggists' sundries	Documents against payment; 60 to 90 days after date, documents against acceptance.	60 to 180 days after sight, documents against acceptance; also straight consignment.
Electrical supplies	60 to 120 days after sight, documents against acceptance.	Do.
Foodstuffs	Letter of credit; documents against payment at destination.	Similar to American terms.
Fibers, raw	Negligible	60 to 90 days after sight, documents against acceptance.
Flour	Letter of credit; documents against payment at destination.	Similar to American terms.
Footwear	Negligible	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables.	Documents against payment at destination.	Open account; documents against payment at destination.
Fuel and ores:		
Petroleum products	ditto	Similar to American terms.
Coal	ditto	
Other ores	60 to 90 days after sight, documents against acceptance.	
Furniture	ditto	90 to 120 days after sight, documents against acceptance.
Groceries and provisions	Documents against payment at destination.	Do.
Hardware	60 to 90 days after sight, documents against acceptance.	90 to 180 days after sight, documents against acceptance.
Hides and leather	50 per cent cash with order; balance, documents against payment at destination; 60 days after date, documents against acceptance.	Documents against payment at destination; 45 to 90 days after sight, documents against acceptance.
Industrial chemicals	Documents against payment; 30 to 60 days after sight, documents against acceptance.	Documents against payment; 60 to 120 days after sight, documents against acceptance.
Industrial machinery	60 to 90 days after sight, documents against acceptance.	90 to 180 days after sight, documents against acceptance.
Jewelry	Negligible	6 to 12 months.
Motor vehicles	Letter of credit at port of shipment; documents against sight draft, covered or uncovered by banker's guaranty; 4 to 18 months' credit against one or more drafts covered by banker's guaranty, or when shipment is made through a finance company, against dealer's paper accompanied by a private agreement vesting ownership of car in the finance company until final payment.	Similar to American terms.
Notions and novelties	Documents against payment at destination; 60 days after sight, documents against acceptance.	90 to 150 days after sight, documents against acceptance.
Office equipment	ditto	90 to 150 days after sight, documents against acceptance; also straight consignment.
Paint and varnish	60 to 90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Piece goods	Documents against payment at destination; 90 days after date, documents against acceptance.	90 to 180 days after sight, documents against acceptance.
Plumbing and heating equipment.	Negligible	Do.
Printing machinery and supplies.	Documents against payment at destination.	120 to 180 days after sight, documents against acceptance.
Radio apparatus	Documents against payment at destination; 60 to 90 days after date, documents against acceptance.	Do.
Railway material and supplies.	Letter of credit; documents against payment at destination.	Similar to American terms.

Commodity	American terms	European terms
Sporting goods	Documents against payment at destination; 60 to 90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Stationery, books, etc.:		
Stationery	Documents against payment at destination; 60 days after sight, documents against acceptance.	Similar to American terms.
Books	Cash with order, or C. O. D.	
Surgical and precision instruments.	Documents against payment at destination.	90 to 150 days after sight, documents against acceptance.
Theater equipment	6 to 12 month sight draft; for expensive talking motion-picture equipment, even longer.	Similar to American terms.
Thread and yarn	Documents against payment at destination; 90 days after date, documents against acceptance.	90 to 180 days after sight, documents against acceptance.
Tobacco	Cash with order	Similar to American terms.
Cigars	Documents against payment at destination.	
Wearing apparel	Documents against payment at destination; 90 days after date, documents against acceptance.	90 to 180 days after sight, documents against acceptance.

Favorable credit terms are essential in Greece by reason of the agricultural nature of enterprises and of the money scarcity. Greece is to be considered a price market. Local merchants carry limited stocks of a variety of goods and operate on small capital investments. Importers and dealers prefer to place their orders through commission agents acting as local exclusive representatives of foreign manufacturers. Goods, however, are mostly shipped direct to the importer, wholesaler or retailer, unless the representative is also a distributor and carries stocks to meet the demand of the market.

GREENLAND

Commercial Attaché H. Sorensen, Copenhagen

All supplies that go to Greenland are sent from Denmark, and Greenland is therefore to be considered as a part of the Danish market, with credit terms the same as those applying to Denmark.

GUATEMALA

J. E. Dyer, Clerk to Commercial Attaché, Guatemala

Commodity	Terms
Agricultural equipment	90 days after sight, documents against acceptance, with 3 to 5 per cent discount for cash on receipt of documents.
Automobile accessories	60 to 90 days after sight, documents against acceptance.
Building material	60 to 90 days after sight, documents against acceptance, interest at 8 per cent.
Construction machinery	Irrevocable letter of credit.
Druggists' sundries	United States, 60 days after sight, documents against acceptance. France, sometimes on open account. The rest of Europe, 90 to 120 days after date, documents against acceptance; and in special circumstances, 90 to 180 days after date, documents against acceptance.
Electrical supplies	60 to 90 days after sight, documents against acceptance.
Flour	30 to 60 days after sight, documents against acceptance.
Footwear	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Cash 10 days after shipment.
Furniture (beds)	Open account, 2 per cent for payment within 30 days from date of invoice; European, generally cash by local agents or representatives.
Groceries and provisions	United States, 60 to 90 days after sight, documents against acceptance; England, 60 days after date, documents against acceptance; Spanish and German manufacturers, 60 days after sight, documents against acceptance. German, French, Spanish and Italian export merchants give terms of 60 days to 6 months, interest being charged at 8 per cent from date of shipment.

Commodity	Terms
Hardware	Sight draft, documents against payment; open account; and 30 to 60 days after sight, documents against acceptance.
Industrial machinery	Irrevocable letter of credit.
Jewelry	United States, open account, and 30 to 60 days after sight, documents against acceptance. Europe, 90 to 120 days after sight, documents against acceptance; up to 6 months.
Leather	90 days after date and 60 days after sight, documents against acceptance.
Motor vehicles	Irrevocable letter of credit.
Notions and novelties	Open account; and 30 to 60 days after sight, documents against acceptance.
Office equipment	Open account, and 60 to 90 days after sight, documents against acceptance, unconfirmed letter of credit.
Packing-house products	30 to 90 days after sight, documents against acceptance.
Paint and varnish	60 to 90 days after sight, documents against acceptance; some up to 120 days after sight, documents against acceptance.
Piece goods	United States, 90 days after date, documents against acceptance. interest at 6 per cent; England, 90 days after date, documents against acceptance, interest at 8 per cent. A few large houses, on open account.
Plumbing and heating equipment	Pipe from United States, Belgium, and England, 60 to 90 days after sight, documents against acceptance, interest at 8 per cent; sanitary ware, documents against payment, and 30 to 60 days after sight, documents against acceptance.
Printing machinery and supplies	Open account and sight draft, documents against payment.
Radio apparatus	Sight draft, documents against payment.
Sporting goods	60 to 90 days after sight, documents against acceptance.
Stationery, books, etc	Open account, and 30 to 60 days after sight, documents against acceptance.
Surgical and precision instruments	Surgical instruments 30 to 60 days after sight, documents against acceptance. Surgical equipment and precision instruments, if sold to local representative, 50 per cent cash with order and balance 30 to 60 days after sight, documents against acceptance. When sold direct to consumer, cash with order.
Thread and yarn	90 days after date, documents against acceptance.
Tobacco	Sight draft, documents against payment and 30 days after sight, documents against acceptance.
Wearing apparel (men's)	60 days after sight, documents against acceptance.

There is a lack of any real uniformity of the terms or credit granted Guatemalan importers by American manufacturers and export merchants.

As a rule, the larger firms and those of the best local standing do not have drafts drawn on them. They buy on open account and take advantage of all discounts. The medium-size firm asks for credit of 30 to 60 days.

Formerly the European manufacturers and exporters granted more varied credit than was ordinarily given by the American firms. This is not now the case generally, although it still holds good in some lines. Except where otherwise stated, American and European exporters grant practically the same terms.

HAITI

Vice Consul George D. LaMont, Port au Prince

Commodity	Terms
Automotive accessories	90 to 120 days after sight, documents against acceptance, or through credit account in New York.
Flour	90 days after sight, documents against acceptance.
Perishable foodstuffs	30 days after sight, documents against acceptance, or sight draft, documents against payment.
Motor vehicles	90 to 120 days after sight, documents against acceptance, or through credit account in New York.

Terms for other commodities may be cash against documents, or 30, 60, 90, or 120 day drafts. The latter is unusual, but one importer

of American paints is accustomed to 180 days after sight, documents against acceptance.

Credit terms on shipments to Haiti are usually governed by the financial standing and integrity of the importing firm. Some firms prefer to pay cash and receive a discount, while other firms importing the same merchandise may receive from 30 to 90 days' credit. There are no usual terms for specific commodities except those listed in the preceding table.

In general, foreign competitors grant the same terms as American firms. Some ship only against sight draft, but most of them grant from 30 to 120 days' credit.

The following shows the approximate percentage of imports on the various credit bases:

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	5
Sight draft including C. O. D. shipments and sight draft to railroad bill of lading	30
Time draft, including drafts at ------ days after sight and ------ days after date, documents against acceptance	40
Letter of credit, including irrevocable confirmed, irrevocable unconfirmed, and revocable	20

HONDURAS

Vice Consul Stanley G. Slavens, Tegucigalpa, Honduras

Commodity	Terms
Agricultural equipment	Open account. This equipment is handled principally by large firms which can order on open account.
Automobile accessories	Cash to sight.
Building material	Cash to 30 days after sight, documents against acceptance.
Construction machinery	Do.
Druggists' sundries	30 to 180 days after sight, documents against acceptance.
Electrical supplies	Cash to 30 days after sight, documents against acceptance.
Foodstuffs	30 to 60 days after sight, documents against acceptance.
Flour	Do.
Footwear	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Sight draft, documents against payment.
Fuels, oils, etc	Open account. (See Agricultural equipment.)
Furniture	30 to 90 days after sight, documents against acceptance.
Groceries and provisions	30 to 60 days after sight, documents against acceptance.
Hardware	30 to 90 days after sight, documents against acceptance.
Hides and leather	30 to 60 days after sight, documents against acceptance.
Industrial chemicals	30 to 120 days after sight, documents against acceptance.
Industrial machinery	Sight draft, documents against payment.
Jewelry	60 days after sight, documents against acceptance.
Motor vehicles	Cash.
Notions and novelties	30 to 90 days after sight, documents against acceptance.
Office equipment	Sight draft, documents against payment, to 30 days, documents against acceptance.
Packing-house products	30 to 90 days after sight, documents against acceptance.
Paint and varnish	Open account. (See Agricultural equipment.)
Piece goods	30 to 90 days after sight, documents against acceptance.
Plumbing and heating equipment	Open account, to 30 days after sight, documents against acceptance.
Printing machinery and supplies	Cash, to 10 months after sight (frequently by installments).
Radio apparatus	Cash, and sight draft, documents against payment.
Railway material and supplies	These items are all imported by American companies which complete their transactions in the United States.
Sporting goods	Sight draft, documents against payment, to 60 days after sight, documents against acceptance.
Stationery, books, etc	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.
Surgical and physicians' instruments.	Cash, and sight draft, documents against payment.
Theater equipment	Do.
Thread and yarn	30 to 90 days after sight, documents against acceptance.
Wearing apparel	Do.

The preceding table naturally applies only to importations made by firms other than those in the first category, which makes purchases and payments in the United States.

Credit and payment terms in Honduras depend on the customer rather than the commodity involved. This is due to the fact that most commercial enterprises which import merchandise import a wide variety of products.

The difference in credit ratings of purchasers situated in Honduras is extraordinary. Importers range from large companies which buy equipment and supplies for their own use as well as for distribution in their commissaries, to small merchants operating general stores in towns that are really villages. The unusual factor is that both extremes handle general merchandise, and are accustomed to satisfy most of the wants of their respective communities.

The fact that the large wholesale houses do retail business and maintain branch stores accounts for the phenomenon of very small and insignificant firms being direct importers. The wholesaler is in many instances the competitor of the retailer rather than his source of supply and, apparently in the majority of cases, orders for his own retail establishments rather than for the general trade.

This condition and the prevailing practice of handling general merchandise account for the prevalence of the commission agent, through whom, it is estimated, about 60 per cent of importations into Honduras are made, apart from those for the American companies in the first category. The commission agent is the medium whereby the manufacturer or exporter can reach the mass of importers; the wholesale distributor is frequently an importer for his own purposes and does not offer the same probability of effecting distribution generally if the exclusive rights are left in his hands. The commission agent is also the means whereby the small importer is enabled to order a number of articles in small lots without undue inconvenience to himself.

It is also estimated that about 20 per cent of the importations are made through traveling salesmen and about 20 per cent as a result of direct orders. Direct ordering is utilized chiefly by the larger, more widely connected firms in Honduras.

It is believed that to classify credit and payment terms according to commodities does not present a clear picture of actual practice in Honduras. There are hardly any clearly defined commodity groups. Individuals or concerns which have the means or capacity are likely to enter any field of industry if an opportunity for profit is indicated.

British and French houses usually grant 90 to 180 days and German houses 30 to 60 days after sight.

Although it is impossible to estimate the percentage of importations into Honduras on different bases, little merchandise is imported on consignment, time drafts are the most common form of term accorded to merchants in Honduras, and sight drafts, letters of credit, cash, and open account are all employed to some extent.

HUNGARY

Assistant Trade Commissioner Walter M. Slavik, Budapest

Commodity	American terms	Foreign terms
Agricultural equipment	90 days after sight, documents against acceptance.	Canada, 1 to 1½ years; bank guaranty.
Automobile accessories	60 days after sight, documents against acceptance.	Germany, up to 4 months open credit from arrival of merchandise.
Building material	30 days after sight; merchandise usually shipped from European warehouses.	Rumania and Yugoslavia, 90 days, open credit.
Construction machinery	One-third cash, balance 90 days from arrival.	Germany, 1 year or more open credit.
Druggists' sundries	Cash on delivery	Germany, open credit up to 90 days.
Electrical supplies	Cash with order	Germany, 3 to 9 months, open credit.
Fibers, raw	6 months against bank guaranty	Egypt, 6 months against bank guaranty.
Footwear	90 days after date, documents against acceptance.	Czechoslovakia, 90 days after date, documents against acceptance; but more lenient about meeting payment on date.
Fresh fruits	Cash	Italy and Spain, 30 to 60 days, open credit.
Fuel, ores, etc	Cash against documents	England, cash against documents.
Groceries and provisions	90 days after sight; bank guaranty	Portugal, 90 days, open credit.
Hardware	120 days after date; bank guaranty	Germany, 3 to 6 months, open credit; also consignment.
Hides and leather	Cash against documents	30 to 60 days, with 2 per cent discount; 90 to 120 days net (except England, 60 days and 2½ per cent discount).
Industrial chemicals	60 to 90 days after sight, documents against acceptance.	Germany, 60 days on open credit from 1st of month following arrival of merchandise.
Industrial machinery	Cash on delivery	Germany, 12 to 18 months; no bank guaranty.
Motor vehicles	120 days; bank guaranty	Italy and Germany, 1 to 1½ years, bank guaranty; also consignment.
Notions and novelties	90 to 180 days after sight, documents against acceptance.	Germany and England, 6 months on open credit.
Office equipment	Cash on delivery	30 to 90 days on open credit.
Paint and varnish	90 days after sight; bank guaranty	Austria and Czechoslovakia, 90 days after sight; open credit.
Piece goods	30 to 90 days, open credit	6 months, open credit.
Plumbing and heating	30 days 2 per cent discount, 60 days net.	Germany, 30 days, net; open credit.
Printing machinery	25 per cent cash with order, balance over 3 years, with interest.	Germany, 25 per cent cash with order, balance over 3 years, with interest.
Radio apparatus	Cash on delivery	2 to 3 months on open credit.
Sporting goods	30 days, discount; 90 days net	England, 30 days discount, 90 days net; Germany, 60 to 90 days on open credit.
Stationery, books, etc	Cash with order	Germany, consignment on monthly, quarterly, and semiannual settlements.
Theater equipment	do	Germany, 2 years, interest.
Thread and yarn	Import negligible	England, open credit up to 6 months.
Tobacco	Cash on terms of bids; cigarettes on consignment.	Cash on terms of bids; cigarettes on consignment.

German, Czechoslovak, and Austrian manufacturers control the Hungarian market, owing to their proximity, cheaper merchandise, and favorable credit terms. They grant local firms open credit ranging from 90 to 180 days, or longer. American manufacturers and exporters usually ask cash against documents, although known houses are granted 60 to 90 days under proper bank guaranty.

The long terms granted Hungarian firms by European manufacturers are possible because of familiarity with local firms over a period of years of business with them; in times of depression this familiarity enables them to exercise rigorous selection among these firms instead of paring credit or refusing it entirely.

The method of distribution offering the greatest security and largest sales to American manufacturers is through a traveling sales representative, employed on a salary and commission basis by the parent com-

pany, who makes periodic trips over assigned territory appointing dealers, organizing sales, and protecting the company's interests.

It is recommended, however, that when confidence has been established by a Hungarian house of good credit standing, the American firm take into consideration the time required for delivery of merchandise from the United States. It may happen, for instance, that a reliable Hungarian house, granted a 60-day credit, really enjoys only two or three weeks of that credit, for the merchandise may take 40 or more days for delivery from the factory. Outstanding Hungarian houses feel very keenly this contrast of American with European terms and maintain that if they are considered good for credit at all, it should be given from the arrival of the goods; under such conditions they declare, they can share the burden of payment with subdistributors and thus afford a larger investment with a correspondingly greater turnover.

Hungarian firms prefer quotations c. i. f. Budapest, if possible, or f. o. b. Hamburg, instead of the customary quotations of f. o. b. factory or New York. Of great aid to American sales would be the establishment of stock at a bonded warehouse at some European port, such as the Free Port of Hamburg, but only where justified by the amount of business attainable; this would enable American merchandise to compete with European in the matter of time delivery. Shipping stock on consignment, usually requested by Hungarian firms, and not infrequently granted by some European firms, is extremely inadvisable for American companies.

According to methods of sales, it is estimated the following percentages represent all imports into Hungary:

	Per cent
Open account	1
Cash, including cash with order or cash at time of shipment	2
Sight draft	6
Time draft	75
Letter of credit	3
Consignment	13

INDIA

Trade Commissioner Charles B. Spofford, jr., Calcutta

Commodity	Terms
Agricultural implements	90 to 120 days, documents against acceptance.
Automotive accessories	60 days, documents against payment.
Construction machinery	Letter of credit.
Druggists' sundries	60 days, documents against payment.
Electrical supplies	Most important manufacturers abroad maintain branches in India, which put stocks in dealers' hands on consignment.
Fibers (raw cotton)	Letter of credit.
Footwear	90 days, documents against acceptance.
Groceries and provisions	60 days, documents against acceptance.
Hardware	30 to 60 days, documents against payment.
Leather	30 to 60 days, documents against payment.
Industrial machinery	Letter of credit; 60 to 90 days documents against payment, to reputable European houses.
Motor vehicles	Letter of credit.
Notions and novelties	60 to 90 days, documents against payment.
Paint and varnish	Do.
Piece goods	30 to 90 days, documents against payment.
Plumbing and heating equipment	60 days, documents against payment.
Printing machinery and supplies	Do.
Sporting goods	Do.
Surgical and precision instruments	Letter of credit, and 60 days, documents against payment.
Tobacco	60 days, documents against payment.
Wearing apparel	60 to 90 days, documents against payment.

In gold value, most of India's foreign trade is done on letter-of-credit basis, drafts drawn 30, 60, and 90 days after sight, because of the fact that probably half of India's exports and imports are handled by not more than a dozen European firms who do their own financing to a large extent. On the basis of quantity, the greater part of India's export and import trade, particularly import, is done on a basis of 60 to 90 days, documents against payment, and without deposits or letters of credit being established, inasmuch as most of the many small Indian importers are without means to advance deposits with orders and are not able to open a letter of credit.

The following outline may be considered the established (British) method of selling to India:

The exporter obtains payment for his goods in one of several ways. Bills are drawn on the importer and sent direct for collection, or the bills are sold to exchange banks in London if the importer has good standing. In the latter case—that is, banks buying the bills—it is usual to employ one of the various forms of credit issued by the bank. A common form of credit is erroneously referred to as a "documentary credit"—actually only a written authorization by an importer to a bank to make definite advances to the exporter, on joint responsibility of importer and exporter, on presentation of complete set documents. The banker simply "advances" this credit to shipper and sees that the documents are in order.

A considerable share of British trade with India in staple lines is financed by the head offices or branches of the banks themselves, who give their acceptance in London to bills drawn on them by the exporter.

A bill put through a bank for collection may be drawn as the exporter pleases, because the bank does not part with its money until the bill has been paid. If the bank discounts and buys the bill, it is usually with recourse. The bank handling the bill is usually given instructions to collect all charges, but the shipper must pay the bank's commission for collection if the bill is not honored. The commission for collection in India is one-fourth of 1 per cent, plus postage.

It is usual for documents to be attached to bills drawn on Indian importers. "Clean" bills, whether drawn against a credit or not, are rare except for a few of the largest, oldest, and most responsible Calcutta and Bombay firms.

There is a small but increasing trade between United States and India by parcel post. Bills drawn against such shipments must be considered "clean" bills, whether accompanied by receipt of posting or not. Facilities do not exist for C. O. D. business between the United States and India.

Most bills drawn on Indian firms, whatever form, are for 60 to 90 days after sight. Four-month paper is common but six-month bills are rare. If these bills are bought by a bank, or advances are given against them, the drawers usually include an interest clause at an agreed rate from its date until the proceeds reach point where drawn—that is, New York or London. The interest is usually on a dollar or sterling basis, but payable at place of acceptance in India in rupees at conversion rate settled every day by the exchange banks in India for telegraphic transfer or demand bills on London.

When bills are paid before maturity, it is customary to allow a rebate, the rate fixed in New York, London, or by the exchange banks in India.

The shipping documents are surrendered either on acceptance, documents against acceptance, or on payment (documents against payment) unless the bills are "clean." If the basis is documents against payment, the banks are usually authorized to clear the goods through customs and store them until the acceptor is ready to take up the bill and secure delivery. Reliable importers are often permitted to store the goods in their own warehouses under satisfactory supervision by the bank.

Terms of credit granted to firms in India vary according to the nature of the merchandise and the standing of the importer. In general, it may be said that manufactured merchandise imported by the better known Indian firms for eventual retail sale in the bazaars is sold on terms of 60 days, documents against payment. If the reputation of the Indian firm is questionable or unknown, every attempt is made to secure a reasonable deposit as margin to cover loss on resale, or shipping demurrage and collection charges and the share of customs duty which can not be refunded, in case the goods have to be shipped back to their origin. Terms of credit for bazaar merchandise should vary also according to the marketability of the merchandise. Cotton piece goods, for example, always have a fair market value in case of resale, with the result that a smaller margin may be demanded. Sharp fluctuations in the price of raw cotton, however, must be taken into consideration in filling Indian orders for piece goods. On the other hand, seasonal merchandise and goods which have a limited market, or are perishable, such as fruit, provisions, rubber, paper, and leather, should be sold on fairly strict credit terms unless the importer has a long record for good performance in meeting his obligations on due date. In practice it will be found that banks will seldom accept drafts drawn on Indian dealers for collection except with recourse on the shipper, and the exporter should not run the risk of granting credit which would not be granted by the banks.

British manufacturers with long experience in trading with India insist on terms of 60 days, documents against payment; but German, Belgian, Italian, Austrian, and Japanese houses are more inclined to ship on 60 to 90 days, documents against acceptance, as they have a better margin of profit on their cheap lines, which can be employed to absorb the credit losses.

A document against acceptance draft has certain advantages and certain disadvantages in India. The disadvantages are fairly obvious and common, namely, that an unscrupulous dealer may obtain possession and fail to meet the obligations on the due date. On the other hand, a draft "accepted" can be more readily collected—by prompt court action, if necessary—than can a claim against a firm for losses incurred by the shipper through failure of the importer to take delivery. If a dealer has two drafts due, one "documents against acceptance" accepted and one documents against payment, he is more likely to meet his documents-against-acceptance obligation than his documents-against-payment and ask to have the documents-against-payment terms extended—sometimes indefinitely.

American firms do a considerable business with India on indent basis through manufacturers' representatives in the port cities. These manufacturers' agents, or indent houses, in India enable the shippers to draw drafts on terms of documents against payment or

documents against acceptance, as requested, as they are able to discount the drafts in New York with recourse against the agent. The agent in turn obtains his credit protection against default by Indian dealers by employing a "banian" (guaranty broker) on questionable accounts. Most of the American losses in dealing with India are due to attempts of the Indian dealers to deal direct with the manufacturer or exporter on terms, and the record shows that many American shippers have given credit rather than insisting on having the order go through a confirming house.

It must be admitted that many Indian firms are unable to open credits or even to put down reasonable deposits with orders, and insistence on such procedure naturally limits business; but the difficulty in obtaining collections without agents on the spot makes it preferable to refuse an order rather than run the risk. It is extremely difficult to ship perfect merchandise strictly to order, and any defect or tolerance in complying with sample and specification enables the Indian dealer to protest the draft, and his protest is honored by the local surveyors and courts. Experience has demonstrated that it is cheaper in the long run to admit these claims and grant some allowence on the invoice, and the dealers take advantage of this experience by making claims as a matter of course. An example might be cited of an indent which called for urgent shipment, port of New York. The manufacturer was located in Chicago, and, heeding the "urgent" instructions, shipped from Montreal because of a rail strike between Chicago and New York. The dealer found it desirable to turn down the draft on the ground that it was not shipped from New York, and the Indian court upheld the dealer's claim.

It happens frequently that Indian firms enter into business transactions direct with American shippers on fairly strict credit basis. The first few orders are small and the drafts promptly met. Then an appeal is made for terms of 60 to 90 days, documents against acceptance, and the manufacturer frequently complies because of past performances, and difficulties follow.

IRAQ

Vice Consul Robert Y. Brown, Baghdad

The commodities which are imported into Iraq in appreciable quantities either from the United States or from other countries are agricultural equipment, automotive accessories, building materials, druggists' sundries, electrical supplies, footwear, groceries and provisions, hardware, hides and leather, motor vehicles, paint and varnish, piece goods, plumbing and heating equipment, sporting goods, thread and yarn, and tobacco.

It would seem logical that credit terms granted Iraq importers by foreign manufacturers and export agents would vary considerably, depending upon the type of the commodity, but this is true only to such a limited extent that it may be considered as a negligible factor. Terms vary according to the country of origin of the goods imported. Information available indicates that American firms exporting to Iraq grant less liberal terms than exporters in India, England, and Germany. But for a few isolated exceptions, American exporters demand 25 per cent cash with order, and the balance against shipping documents at a local bank. Usually drafts are drawn at sight, but

are not paid until arrival of goods. Indian, English, German, and various continental exporters ask for a 25 per cent cash deposit with order, but they will accept a 10 to 15 per cent deposit. German merchants are more liberal in this respect than English merchants.

It is estimated that 75 per cent of the importing is done on a sight-draft basis. In actual practice merchants do not honor sight drafts until the goods arrive, and as a rule the banks retain the shipping documents until the sight drafts are paid. It would thus appear that the 75 per cent estimate includes importing, which is done on a basis of documents against payment.

Local merchants do not favor days after sight, because such paper is subject to a stamp tax, and often falls due before arrival of the goods.

The cash deposit with order is generally used—but after business connections have been established long enough to warrant confidence in a firm's integrity and financial standing. It would appear that American firms which waive the cash deposit are running a greater risk than European and English competitors, because when shipments are refused the American firm loses more in paying transportation charges. This consideration also affects the amount of the cash deposit demanded.

IRISH FREE STATE

Vice Consul Edwin J. King, Dublin

Commodity	Terms
Agricultural equipment	30 to 90 days after sight, documents against acceptance.
Automotive accessories	30 to 60 days after sight, documents against acceptance.
Building material	30 to 90 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance.
Electrical supplies	Do.
Feedstuffs	Do.
Flour	Do.
Footwear	Do.
Fresh fruits and vegetables	30 days after sight, documents against acceptance.
Groceries and provisions	30 to 60 days after sight, documents against acceptance.
Hardware	Do.
Hides and leather	30 to 90 days after sight, documents against acceptance.
Industrial chemicals	Do.
Motor vehicles	Cash against documents, except in special instances.
Packing-house products	30 to 60 days after sight, documents against acceptance.
Plumbing and heating equipment	30 to 90 days after sight, documents against acceptance.
Printing machinery and supplies	Do.
Radio apparatus	30 to 60 days after sight, documents against acceptance.
Sporting goods	Do.
Tobacco	Do.
Wearing apparel	Do.

The usual terms of credit granted to reliable firms in the Irish Free State are from 30 to 90 days. If payment is made in 30 days, a discount of 2½ to 3¾ per cent is allowed, depending on the commodity. Importers of agricultural equipment are allowed a discount of 3¾ per cent if payment is made in 30 days. In the case of most commodities, however, the usual discount is 2½ per cent if payment is made within 30 days after receipt of merchandise. For cash payment on arrival a discount of from 3½ to 5 per cent is customary. Dealers in fresh fruit and other perishable foods are accustomed to terms of cash against documents, or three days after sight draft at the most.

Credit terms in the Irish Free State are governed largely by the policies of British exporters operating in this field. Quotations on a basis of c. i. f. Irish port, with payment in sterling, invariably elicit favorable results, and are usually made by British exporters. In view

of the intensity of competition existing on this market for most commodities it is highly advisable, if not essential, that American exporters quote similar terms to their competitors.

The majority of the reliable firms in the Irish Free State are old established, and have had long-standing connections with British manufacturers and exporters. These firms usually buy on open account.

ITALY

Commercial Attaché Mowatt M. Mitchell, Rome

Commodity	Terms
Agricultural equipment	30 days after sight, documents against acceptance.
Automotive accessories	30 to 60 days after sight, documents against acceptance.
Construction machinery	30 to 90 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance.
Electrical supplies	Do.
Fibers, raw (cotton)	Standard cotton contract.
Hardware	30 to 60 days after sight, documents against acceptance.
Hides and leather	Up to 90 days, accepted draft.
Industrial chemicals	30 to 60 days, open account.
Industrial machinery	60 to 120 days after sight, documents against acceptance.
Motor vehicles	Cash against documents, or 90 days through financing company.
Notions and novelties	30 days after sight, documents against acceptance.
Office equipment	30 to 60 days after sight, documents against acceptance.
Packing-house products	60 to 90 days after sight, documents against acceptance.
Paint and varnish	90 days after sight, documents against acceptance.
Radio apparatus	30 to 60 days after sight, documents against acceptance.

Agricultural machinery.—Terms granted to importers and to final purchasers of agricultural machinery vary more than in most other lines of goods. Continental manufacturers are prepared to put their goods in agents' hands on the understanding that payment will be made between the 15th of September and the 15th of October following. In selling to consumers an attempt is made on low-priced units such as plows, harrows, and cultivators, to get payment at 30, 60, or 90 days, but it is frequently necessary to allow 4 to 6 months. On mowers, tedders and rakes, the general understanding is that full payment will be made in June or July, depending on the date of the harvest. In northern Italy binders are supposed to be completely paid for in August or September, but in the south and in the islands (Sardinia and Sicily) it is customary to grant deferred terms, one payment being made in the year of sale and the other in the following year. Agricultural tractors are usually sold on payments, to be spread over several seasons, secured by notes. Threshers are sold the same way, save that payment may be spread over four or five seasons.

Automotive accessories.—Automotive accessories from domestic and European manufacturers may be had by distributors on consignment, and are sold to dealers on terms of 60, 90, or 120 days.

Construction machinery.—A large part of the construction machinery sales effected in Italy from the United States and from England are financed by the factories, the agent acting solely as a salesman on commission. Continental manufacturers are more than willing to stock an agent on consignment. Purchasers are given up to two years on big units or installations, payment being made against notes. For spare parts the usual period is 90 days.

Druggists' sundries.—Business in these commodities is done almost exclusively through indent sales agents, usually on terms of 30 to 60 days, with 2 per cent discount for 30-day settlement.

Electrical supplies.—Normal terms for electrical supplies and materials vary all the way from 2 per cent discount for 30 days, up to 120 days, with 90 days the most common term. The sale of large electrical machines or units or equipment is usually made with one-third cash with the order, one-third on delivery or installation, and the balance in installments which may run another year (maximum two years), covered by notes.

Footwear.—Footwear is sold to Italian importers, and by them to the trade at 30, 60, and 90 days after sight, with still longer terms to retailers.

Hardware.—Most hardware sales are made on a basis of 2 per cent discount in 30 days, or net 90 to 120 days, although in the latter case the terms are theoreti-

cally supposed to be 60 days. A year or more will be allowed when a new industrial plant is commencing operations, or a dealer just opening, or when a dealer is giving up one line of tools or hardware and taking on another. Competition in this line forces unusual terms.

Hides and leather.—Domestic tanners ship against confirmed order, on open account, payable 120 days from delivery. European suppliers of this market give similar terms, and in addition German tanners grant "premiums" at the end of the year, running from 5 to 10 per cent, provided total purchases have exceeded a certain amount.

Industrial chemicals.—The usual terms for both imported and domestic industrial chemicals are 30 to 60 days from date of invoice, on open account.

Industrial machinery.—European, particularly German, producers put industrial machinery in the hands of their Italian agents largely on consignment. Sales of small units are made to users on 60 to 120 day terms. On large units and installations, installments spread over one to three years will be granted. On special machinery and special installations, one-third is frequently paid with the order, one-third on installation, and the balance 90 to 120 days later.

Motor vehicles.—"Cash" in one form or another is paid for American motor vehicles imported by Italian agents, except where financing is handled through a recognized financing house, or where cars come consigned to a bank, the dealer paying for them as he lifts them. Local manufacturers work almost entirely on consignment with their dealers. Sales to users are made very largely on time, domestic car sales being financed through an Italian company, a subsidiary of Fiat.

Office equipment.—The Italian market for office equipment is so highly competitive that sales are normally made to consumers at 90 to 120 days. Sales of adding machines are usually restricted to 90 days net.

Paint and varnish.—Both domestic and European imported paints and varnishes are sold on a variety of terms. Some are sold on open account against simple confirmed order, others on time drafts up to 180 days after arrival of goods. There is an increasing practice of turning goods over to agents on consignment.

Piece goods.—Domestic goods are sold on open account, with payment four to six months after delivery. French goods are sold ex mills on open account, payable 90 to 180 days after arrival of goods. English goods are sold on open account, 60 to 120 days after arrival. Terms for Swiss, German, and Czechoslovak goods are open account ex frontier, cleared through customs at 90 to 120 days from arrival.

Plumbing and heating equipment.—Importers usually get 2 per cent discount on settlement within 30 days, or net, up to 90 or 120 days. Customers on installation work usually pay one-third or less on delivery, the same during installation, and the same on completion; any balance—usually 10 to 30 per cent of the total—can be paid in three months to a year.

Printing machinery and supplies.—Cash is seldom or never paid for such importations into Italy, and German houses are willing to give up to three years.

Radios and equipment.—As with many other lines, German factories will put large supplies of radio equipment in their dealers' hands on consignment. Usual terms from agent to dealer are one-half 60 days from date of invoice, and the balance in 90 days. In addition, some distributors assist their dealers to the extent of 25 per cent of the sums involved, in financing installment sales to users, these sales being spread over as much as 24 months.

Precision and surgical instruments.—Such importations, which are very largely from Germany, come in on very long terms, extending to a year. Local manufacturers and agents extend up to 120 days, and even longer to responsible customers.

Thread and yarn.—Both domestic and imported goods are sold on time drafts at 30, 60, and 90 days from date of invoice, with 2 per cent discount for 60 days and 3 per cent for 30 days.

Wearing apparel.—Both domestic and imported wearing apparel is put into distributors' hands on consignment. The few lines of American goods of this class that are being sold in Italy are at 30 and 60 days after sight.

JAMAICA

Consul Paul C. Squire, Kingston

Commodity	Terms
Agricultural equipment	Sight draft, documents against payment; discount of 2 to 2½ per cent for cash. Some cases, 30 to 60 day sight draft, documents against acceptance.
Automotive accessories	Letter of credit.
Building material	Do.
Construction machinery	Do.
Druggists' supplies	Cash, and 30 to 60 days after sight, documents against acceptance.
Electrical supplies	Sight draft, documents against payment.
Feedstuffs	30 days after sight, documents against acceptance.
Flour	Letter of credit.
Footwear	60 to 90 days, documents against acceptance; sometimes cash.
Fuel oils	Sight draft, documents against payment.
Furniture	60 to 90 days, documents against acceptance; sometimes cash.
Groceries and provisions	30 days after sight, documents against acceptance.
Hardware	Sight draft, documents against payment; discount of 2 to 2½ per cent for cash. Some cases, 30 to 60 day sight draft, documents against acceptance.
Industrial chemicals	Letter of credit.
Industrial machinery	90 to 120 days after sight, documents against acceptance; in some cases longer terms.
Jewelry	Do.
Leather	Sight draft, documents against payment; discount of 2 to 2½ per cent for cash. Some cases, 30 to 60 day sight draft, documents against acceptance.
Motor vehicles	Letter of credit.
Notions and novelties	60 to 90 days, documents against acceptance; sometimes cash.
Office equipment	Cash, and 30 to 60 days after sight, documents against acceptance.
Packing-house products	30 days after sight, documents against acceptance.
Paint and varnish	Sight draft, documents against payment; discount of 2 to 2½ per cent for cash. Some cases, 30 to 60 day sight draft, documents against acceptance.
Piece goods	60 to 90 days, documents against acceptance; sometimes cash.
Plumbing supplies	Sight draft, documents against payment; discount of 2 to 2½ per cent for cash; some cases, 30 to 60 day sight draft, documents against acceptance.
Radio apparatus	Sight draft, documents against payment.
Railway material and supplies	Do.
Sporting goods	Cash, and 30 to 60 days after sight, documents against acceptance.
Stationery, books, etc	60 to 90 days, documents against acceptance; sometimes cash.
Surgical instruments	Sight draft, documents aginst payment.
Theater equipment	Do.
Thread and yarn	60 to 90 days, documents against acceptance; sometimes cash.
Tobacco	Sight draft, documents against payment.
Wearing apparel	60 to 90 days, documents against acceptance; sometimes cash.

There is no noticeable difference in length of terms granted by American, Canadian, English, or other European exporters to the importers in Jamaica, except on piece goods, footwear, and wearing apparel, when the English exporter grants 90 days after sight, which terms are expected by the importer in Jamaica.

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	1
Consignment	2
Sight draft	10–25
Letter of credit	5–10
Time draft	45–75

JAPAN

Commercial Attaché Halleck A. Butts, Tokyo

Letters of credit are employed for most commodities, with the exception of a certain portion of railway materials and tobacco. There are no imports of vegetables or furniture and practically no imports of agricultural equipment.

A letter of credit usually provides from 30 to 90 days in which the exporter may draw drafts against the credit established; this is the "acceptance credit."

Paints and varnishes are quite frequently shipped to Japan on consignment basis, and books are almost always consigned. Fuel and ores are frequently prchased on partial letter-of-credit basis. Sight and time drafts are probably never used except in trade between firms which have been doing business with one another over a period of several years.

British and German firms are generally willing to ship on a down payment of possibly one-third of the purchase price, with the balance against documents on arrival in Japan or on receipt and approval of the goods. It is not unusual for European firms to ship woolen textiles and hardware on time drafts of 90 to 100 days.

An estimate of percentage in British exports to Japan is probably 25 per cent against irrevocable letters of credit, 25 per cent on time drafts averaging 90 days, 40 per cent payment against documents on arrival, and the remaining 10 per cent on open account, sight draft, and cash.

Such trade as there is with France and Switzerland is nearly always against letters of credit, or full payment against documents on arrival.

A fairly accurate estimate of American business done on the various methods of payment would be 2 per cent cash, 8 per cent sight draft, 6 per cent time draft, and 80 per cent irrevocable letters of credit. Probably from 3 to 4 per cent of the merchandise coming to Japan is on a consignment basis. The cash sales are principally to the Government's Monopoly Bureau; some Government railway materials are purchased in the same manner.

LATVIA

Assistant Trade Commissioner Everett B. Ansley, Riga

Practically all shipments to Latvia by American exporters are being made on the basis of letters of credit.

The following list, classified by commodities, explains the terms by which European exporters make shipments to Latvia:

Commodity	Terms allowed by European exporters
Agricultural equipment	Open account, 6 months "covered."
Automotive accessories	Sight draft, 6 months.
Books	Open account, 3 to 6 months.
Building material	Open account, 6 months.
Construction machinery	Cash.
Druggists' sundries	Open account, 3 months.
Electrical supplies	Do.
Feedstuffs	Letter of credit, 3 to 6 months.
Fibers, raw	Do.
Fresh fruits and vegetables	Sight draft, 3 months.
Fuel oils, etc	Letter of credit, 6 months.
Groceries and provisions	Sight draft, 3 months.
Hardware	Open account, 6 months.
Hides	Letter of credit, 6 months.
Industrial chemicals	Sight draft, 3 months.
Industrial machinery	Open account, 6 months to 3 years "covered."
Jewelry	Sight draft, 3 months.
Leather	Sight draft, 4 months.
Motor vehicles	Letter of credit, 6 months.
Notions and novelties	Sight draft, 3 months.
Office equipment	Do.
Packing-house products	Do.
Piece goods	Open account, 6 months, and 6 months "covered."
Plumbing and heating	Sight draft, 6 months.
Printing machinery and supplies	Open account, 6 months to 3 years "covered."
Radios and supplies	Open account, 3 months.
Railway material and supplies	Open account, 6 months to 3 years "covered."
Sporting goods	Open account, 3 months.
Stationery	Sight draft, 3 months.

Commodity	Terms allowed by European exporters
Surgical and precision instruments	Cash.
Theater equipment	Do.
Thread and yarn	Sight draft, 4 months.
Tobacco	Open account, 4 months.
Wearing apparel	Sight draft, 3 months.

The approximate percentage of the importing into this territory done under the methods of payment in general use are as follows:

	Per cent
Open account and consignment	30
Sight and time draft	55
Letter of credit	14
Cash, including cash with order or cash at time of shipment	1

It is practically impossible to separate the business done here on sight and time drafts. It is believed that at least 75 per cent of the business done on open account may be classified as consignment business, because of the time usually allowed importers to pay for such goods. Practically all goods shipped from the United States are exported on letters of credit.

LIBERIA

Vice Consul C. H. Hall, jr., Monrovia

Practically all the business in Liberia is handled by the large trading companies whose principal offices are located abroad. The credit terms in dealing with these companies are those generally in effect in the country in which the firm has its principal office—that is, Great Britan, Germany, France, or the Netherlands. The local branch offices have nothing to do with the direct purchase of goods, all orders being passed through the head office.

With regard to the few native stores and individuals, the only system which can be recommended is cash with the order.

LITHUANIA

Vice Consul Bertel E. Kuniholm, Kovno

Agricultural equipment.—Agriculture is the main source of living for over 82 per cent of the population of Lithuania. Agriculture is fostered, to a great extent, by the Government, and much attention is accordingly paid to the organization of peasants in cooperative societies and units for the protection of group interests. The agricultural organizations of Lithuania are backed by credit institutions which have control of considerable areas of land, and inasmuch as these credit institutions finance the purchase of agricultural equipment for the cooperative units, credit is extended up to as much as three years, under good guaranties.

Private firms which deal in agricultural equipment operate on the basis of so-called "successive" credit, which means that the firm in question receives credit under certain conditions for a certain period, but should the goods not be sold during such time, credit can be extended for a further period under slightly different conditions, or at increased rates. Usually credit is given for half a year, and, if necessary, extended once or twice for half-year periods, according to the exigencies of the market. Credit in such cases is covered by bank guaranty, with a reservation of right of ownership until the equipment has been fully paid for.

Automotive accessories.—Cash, and up to 90 days after sight, documents against acceptance.

Building material.—Long credit extending usually over a period of 2 years is generally allowed on building material, under mortgages on buildings or other good security.

Druggists' sundries.—Cash, and from 30 to 60 days after sight, documents against acceptance.

Electrical supplies.—Ninety days after sight, documents against acceptance.
Fibers, raw.—Cash, and 60 days after sight, documents against acceptance.
Fancy footwear.—Sixty to one hundred and fifty days after sight, documents against acceptance.
Fresh fruits and vegetables.—Cash.
Fuel oils.—Cash, to 60 days after sight, documents against acceptance.
Furniture (high quality).—Cash, to 180 days after sight, documents against acceptance.
Groceries and provisions.—Ninety days after sight, documents against acceptance.
Hardware.—One hundred and eighty days after sight, documents against acceptance.
Industrial chemicals.—Cash, and from 30 to 90 days after sight, documents against acceptance.
Industrial machinery.—Long payment terms are usually allowed on industrial machinery, with reservation of right of ownership. Cases have been reported where machinery has been installed under deferred payments up to 2½ years, covered by time drafts and bank guaranties, besides the reservation of the right of ownership.
Motor vehicles.—One hundred and eighty days after sight, documents against acceptance.
Office equipment.—One hundred and twenty days after sight, documents against acceptance.
Paint and varnish.—One hundred and eighty days after sight, documents against acceptance.
Printing machinery and supplies.—Heavy printing machinery is sold on credit up to 1½ years against bank guaranties, time drafts, and reservation of the right of ownership. On small machinery credit is granted from 6 to 9 months.
Radios and supplies.—Ninety days after sight, documents against acceptance.
Railway material and supplies.—Since the Lithuanian railway system is under the control of the Ministry of Communications of the Lithuanian Government, all material and supplies are purchased by Government auction. Terms of payment are therefore determined in each particular case.
Sporting goods.—Cash, or 30 to 60 days after sight, documents against acceptance.
Stationery and books.—Ninety days after sight, documents against acceptance. Books, 180 days after sight, documents against acceptance.
Surgical and precision instruments.—Ninety days after sight, documents against acceptance.
Thread and yarn.—One hundred and eighty days after sight, documents against acceptance.
Tobacco.—One hundred and eighty days after sight, documents against acceptance.
Wearing apparel.—Cash or 120 days after sight, documents against acceptance. American exporters are not advised to grant credit except on the basis of bank guaranties. On the whole, the Lithuanian market is composed of small traders who purchase in very small lots and who receive short credit of not more than 30 to 90 days.

European firms which distribute in the Lithuanian market usually grant credit of 30 to 90 days on small orders, while for expensive commodities, or large orders of heavy equipment, longer credit is granted, always on the basis of good security. American firms, however, seldom grant more than 60 days' credit for most goods. Discounts range from 2 to 2½ per cent for cash in 30 days.

The approximate percentage of the importing done under the various methods of payment in general use are as follows:

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	5
Sight draft, including C. O. D. shipments and sight draft to railroad bill of lading	15
Time draft, including drafts at ____ days sight and ____ days date, documents against acceptance	60
Letter of credit, including irrevocable confirmed, irrevocable unconfirmed, and revocable	5
Consignment	10

LUXEMBURG

Vice Consul Frederick L. Washbourne, Luxemburg

The only commodities that are of importance as American products are motor vehicles and accessories, fuels, and oils, and these are distributed to dealers in Luxemburg by branch factories or distributing agents in Belgium.

The terms of the Belgian distributors of the above-named products are practically on a cash basis or 30-day bank draft, or installment payment plan financed by a company.

Generally terms are 30 to 60 or 90 days on open account. Most business is done on 90-day open account, or longer. These terms are granted both by dealers and by manufacturers.

MADAGASCAR

Consul John S. Richardson, jr., Tananarive

Commodity	Terms
Agricultural equipment	Imported chiefly from France, also to small extent from England and other foreign countries. French terms, sight draft; England and other foreign countries, letter of credit, or at least one-third cash with order, and balance by sight draft.
Automotive accessories	Supplied chiefly by France, but also to small extent by United States. French terms, one-third cash with order and the remainder in equal installments at 30 and 60 days after sight, exceptionally 90 days after sight; American terms, irrevocable letter of credit.
Building material	Principally cement from Norway and France; lumber from Sweden and Norway; and structural steel and iron, corrugated-iron sheets, and similar articles, from France and England. Imported almost exclusively from French manufacturers or through French export merchants. Terms, 60 days after sight, documents against acceptance.
Construction machinery	Supplied almost exclusively by France. Terms, sight draft, documents against payment.
Druggists' sundries	Usually supplied by France, but also to a considerable extent by England. French terms, 60 days after sight, documents against acceptance; English terms, sight draft, documents against payment.
Electrical supplies	Imported almost exclusively from France. Terms, usually sight draft, documents against payment; occasionally 90 days after sight, documents, against acceptance.
Flour	Imported from France and Australia, chiefly the latter country. Terms granted by French export merchants, 90 days after sight, documents against acceptance; Australia, irrevocable letter of credit, Australian port of shipment.
Footwear	Imported chiefly from France and to a slight extent from England indirectly from France. Terms, 60 days after sight, documents against acceptance.
Groceries and provisions	Supplied mostly by France. Condensed milk is furnished to some extent by Switzerland, and canned goods or provisions by England and the United States through French export merchants. Terms of payment, French manufacturers and export merchants, 60 days after sight, documents against acceptance.
Hardware	Imported almost exclusively from France. Terms, 60 days after sight, documents against acceptance.
Leather	Imported exclusively from France. Terms, 60 days after sight, documents against acceptance.
Jewelry	Chiefly from France; indirectly to a small extent from Switzerland and Czechoslovakia, the latter supplying cheap jewelry. Terms, French manufacturers and export merchants, cash with order or sight draft, documents against payment.
Motor vehicles	Imported chiefly from France, but to a small extent also from the United States (through Canada or direct) and from Italy. Terms of French and Italian manufacturers, usually 180 days after sight, documents against acceptance, but in a few cases French manufacturers grant even more liberal terms, shipments being made even on open account against previous deposit of a guaranty fund by the local agent.
Notions and novelties	Supplied by France, and by Germany through French export merchants. Terms, 60 to 90 days after sight, documents against acceptance.
Office equipment	Supplied chiefly by France. About 75 per cent of the typewriters come from the United States, but are obtained through French agents or export merchants. Terms for typewriters, usually sight draft, documents against payment; minor office equipment, stationery, etc., 60 to 90 days after sight, documents against acceptance.
Packing-house products	Supplied chiefly by France, but also to a considerable extent by England. French terms, 60 days after sight, documents against acceptance; English terms, one-third cash with order, balance by sight draft.
Paint and varnish	Supplied almost entirely by France. Terms, 60 days after sight, documents against acceptance.

Commodity	Terms
Piece goods	Supplied to a very large extent by France and Pondicherry (French India), but small quantities furnished by England. Terms, France and Pondicherry, usually 60 days after sight, but in some cases, notably for bargain lots, an irrevocable letter of credit or cash with order is required. English terms, one-third cash with order, one-third by sight draft, and remaining one-third at 30 days after sight, documents against payment and acceptance, respectively, on the two latter drafts.
Plumbing and heating equipment.	Imports very small and supplied chiefly by France. Terms, 60 days after sight, documents against acceptance.
Printing machinery and supplies.	Practically all imported from or through France. Terms sight draft, documents against payment.
Radio apparatus	Obtained chiefly from France and to a small extent through France and the Netherlands. Terms of French manufacturers and export merchants, usually one-third sight draft, one-third 30 days after sight, and the remaining one-third at 60 days after sight, documents against acceptance. These terms are considered by local merchants too drastic, inasmuch as the demand in this line is still almost negligible and must be created.
Railway material and supplies.	Supplied entirely by France. Terms, usually sight draft, documents against payment.
Sporting goods	Imported chiefly from or through France, and to a slight extent direct from England. Terms, of French exporters and manufacturers, 60 days after sight, documents against acceptance; English terms on direct shipments (usually parcel post), C. O. D.
Stationery, books, etc	Supplied by France. Terms, 60 days after sight, documents against acceptance.
Surgical and precision instruments.	Supplied by or through France. Terms of French manufacturers and export merchants, usually sight draft, documents against payment, or C. O. D. on parcel-post shipments.
Thread and yarn	Supplied largely by France, but to a small extent by England through France. Terms of French manufacturers and export merchants, 60 days after sight, documents against acceptance.
Tobacco	Supplied principally by Algeria, and to a small extent by France. Terms, sight draft, documents against payment, or C. O. D. on parcel-post shipments.

A very large proportion of Madagascar imports are provided by French general importing and exporting firms maintaining branches in Madagascar, and probably not more than 25 per cent of the total imports are brought into the island by local importers. Of this latter amount (or 25 per cent) it is estimated in commercial and banking circles that approximately 10 per cent is shipped by the foreign exporter against cash (cash with order or cash at time of shipment) 40 per cent against sight drafts, 40 per cent against time drafts, 5 per cent on letters of credit, and 5 per cent on consignment. In so far as the goods imported by local branches of French general importing and exporting firms are concerned, the terms of payment are arranged exclusively by the head offices in France. Payment by such local branches to their head offices is usually made by 30 to 120 day sight drafts, or by shipping local products in return.

MADEIRA

Consul J. F. Huddleston, Funchal

Commodity	Terms
Automotive accessories	30 to 60 days after sight, documents against acceptance.
Automobile tires	60 to 90 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance.
Footwear	Do.
Groceries and provisions	Do.
Flour	60 to 90 days after sight, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.
Hides and leather	Cash.
Lumber	30 to 60 days after sight, documents against acceptance.
Motor vehicles	Cash.
Office equipment	60 to 90 days after sight, documents against acceptance.
Packing-house products	30 to 60 days after sight, documents against acceptance.
Piece goods	60 to 90 days after sight, documents against acceptance.
Tobacco	Cash.

The long credit terms granted for piece goods and also for automobile tires are forced by British merchants, who are even ready to grant 120 days to responsible concerns. Such credit terms are not always desirable, and American exporters would do well to proceed with caution in granting long credits.

The approximate percentage of importing into this territory done under the various methods of payment in general use are as follows:

	Per cent
Cash, including cash with order or cash at time of shipment	20
Time draft, 30 to 60 days	60
Time draft, 60 to 90 days	20
Consignment	Rare.

MALTA

Consul Hugh S. Miller, Valetta

Commodity	Terms
Automobile accessories	Sight draft, documents against payment.
Boots and shoes	30 days after sight, documents against acceptance. English firms allow c. i. f. Malta, 30 days on receipt of goods, 2½ per cent discount.
Chemicals	60 to 120 days after sight, documents against acceptance.
Electrical goods	30 to 60 days after sight, documents against acceptance.
Foodstuffs	Sight draft, documents against payment; to 70 days after sight, documents against acceptance.
Hardware	Sight draft, documents against payment.
Iron and steel	Sight draft, documents against payment. Bedsteads, English manufacture, c. i. f. Malta, net.
Leather	Letter of credit; also sight draft, documents against payment. English, French, and Belgian tanners, c. i. f. Malta; others, payment on receipt of goods, 3 per cent discount.
Machinery	Sight draft, documents against payment.
Paper	30 days after sight, documents against acceptance.
Radio apparatus	Consignment.
Rubber goods	Sight draft, documents against payment; and 60 days after sight, documents against acceptance.
Textiles	30 days from date of invoice, 30 days after date of shipment, and 70 days after sight, documents against acceptance. English, German, and Italian manufacturers, c. i. f. Malta, 30 days from receipt of goods, 2 per cent and 2½ per cent discount, or 4 months net.
Tobacco	Consignment; sight draft, documents against payment; and 60 days after sight, documents against acceptance.

In general it appears that all countries require cash against documents on new business. After a firm has had satisfactory dealings for a period and has proved itself reliable, it may get 30 days. In a few cases, 60 or 90 days may be given. A very limited number of firms in Malta, under special circumstances and dealing in special lines, obtain goods on consignment.

The most satisfactory method for American firms exporting to Malta is to require local importers to open credits in Malta. Under this procedure the manufacturer sends his documents direct to the Malta bank; the importer is notified of the arrival of the draft; he has the opportunity to inspect the goods; he then pays the draft and gets the documents. This plan, as against opening credits in the United States, saves cabling expenses and is more convenient for the importer.

In the opinion of most merchants interviewed there is no appreciable difference in the terms offered by the exporters of the principal countries, although Germany, first, and Czechoslovakia, second, are perhaps slightly more liberal in their terms than others. England, the United States, France, the French Colonies, Japan, and other countries are offering about the same terms.

The best estimate obtainable of the percentage of imports made on each basis follows:

	Per cent
Cash against documents	60
At 30 days	10
At 60 to 90 days	10
Open account	10
Consignment	10

MEXICO

Commercial Attaché George Wythe, Mexico City

Commodity	American terms	Foreign terms
Agricultural implements	Most dealers take advantage of discount offered for cash. Terms granted local dealers formerly ran to 12 months, but lately have been cut down to 6 months.	None.
Automotive accessories	60 days after date, documents against acceptance.	None.
Construction machinery	Cash against documents at shipping point in the United States.	
Drugs	30 to 60 days after sight, documents against acceptance.	European, 90 to 120 days after date.
Dry goods	60 to 90 days after sight, documents against acceptance. However, large department stores of Mexico City maintain deposits with New York banks, and pay American factories by check on receipt of invoice Usual discount for cash, 2 per cent.	Purchases made by such houses in Europe are usually paid for in cash.
Electrical supplies	90 days after sight or date, documents against acceptance.	Swiss and French, up to 180 days after date.
Foodstuffs	Most of the import trade in wheat and corn is handled by large importers or milling companies, which usually take advantage of cash discounts. Cash at border is required of smaller firms. In some cases, 60 to 90 days, with bank guaranty.	
Flour	60 days after date, documents against acceptance; or 30 days after sight, documents against acceptance.	
Fresh fruits and vegetables.	Cash at border.	
Groceries and provisions	30 days after sight, documents against acceptance. Draft, with documents attached, is customarily presented at time of arrival of goods in Mexico City; in other cases, notably in lard trade, presented for acceptance at time of arrival of merchandise in Laredo. Cash discount for payment on presentation of draft is customary.	European, from 60 to 120 days after date; cash discount not so common.
Hardware	30 to 90 day sight draft, documents against acceptance. The largest and strongest firms in Mexico pay on receipt of invoice.	European, 180 days after date of shipment, frequently requiring one third after 90 days and another third after 120 days.
Industrial machinery	90 days from date of invoice, also 120 or 180 days sometimes granted. On sales of equipment directly to consumers, terms run as high as 2 years, installments payable every 3 months with interest.	German, on consignment or on 120-day drafts, renewable for another 120 days. British textile machinery terms run up to several years in case of direct sale to mill.
Iron and steel products	Cash against documents, and cash against documents with confirmed bank credit. Some terms up to 90 days.	German, 30 days net or 2 per cent discount for cash; English, 60 to 90 days.
Jewelry	30 days after date, documents against acceptance.	European, 90 days after date.
Lumber	None.	
Leather	60 days after date, documents against acceptance.	European leather trade handled largely through a few local jobbers, as distance too great and loss of time in shipment such as to make it almost impossible for European (French or German) exporters to deal directly with local manufacturers. Terms, 120 days after date, documents against acceptance.

Commodity	American terms	Foreign terms
Motor vehicles	90 to 120 days after sight, documents against acceptance.	None.
Trucks	180 days after sight, documents against acceptance.	Do.
Musical instruments	90 days after sight, documents against acceptance.	Do.
Novelties	Cash with order or against acceptance of documents.	
Office equipment	60 to 180 days after sight, documents against acceptance. Typewriters and steel furniture are frequently sent on consignment.	
Paper, stationery	Usual terms 60 to 90 days after sight, documents against acceptance.	
Printing machinery	Customary terms 25 to 33⅓ per cent cash with order, balance in 6 to 12 months in case of smaller orders (12 to 24 months with larger orders) with interest.	
Radio apparatus	60 days after date, documents against acceptance.	
Sporting goods	60 to 90 days after date, documents against acceptance.	British, 120 days from date of invoice.
Surgical and precision instruments.	Generally cash.	
Shoes	60 to 90 days after date, documents against acceptance.	Small orders, cash against documents.
Tires	Handled largely through factory branches, or local distributors carrying consignment stocks. Local distributors customarily grant terms of 60 to 90 days to dealers.	British, up to 180 days after sight, documents against acceptance (local).
Theater equipment	60 to 90 days after sight, documents against acceptance.	
White cement	Cash with order.	

Credit terms granted by American exporters to Mexican importers vary greatly, depending on the type of commodity, the credit standing of the importer, and time required for delivery of goods.

In most of the leading commercial centers there are a few old, established firms which have the highest credit rating and customarily buy on open account. These companies have a strong cash position and take advantage of the discount offered for cash settlement. The average terms granted reliable firms other than those prepared to take advantage of cash discounts range from 60 to 90 days after sight or from date of shipment. While drafts are generally drawn to run for a specified period from sight, drafts are frequently made to run from date of invoice. In remote sections of the country, where transportation is slow, drafts customarily read from sight.

MOROCCO (FRENCH PROTECTORATE)

Consul Parker W. Buhrman, Casablanca

Commodity	Terms
Agricultural equipment	60 to 90 days after sight, documents against acceptance.
Automotive accessories	60 to 90 days after sight, documents against acceptance; some open account; a number of European houses grant 120 days on acceptances
Building material	30 days after sight, documents against acceptance.
Chemicals	Cash against documents.
Food products, groceries and provisions.	60 to 90 days after sight, documents against acceptance.
Flour	Cash against documents, to 30 days after sight, documents against acceptance.
Footwear	Up to 180 days after sight, documents against acceptance.
Hardware	30 to 120 days after sight, documents against acceptance.
Hides and leather	90 to 180 days after sight, documents against acceptance; some open account.
Machinery, general and electric	60 and 90 days after sight, documents against acceptance.
Motor vehicles	Cash against documents.
Notions and novelties	90 days after sight, documents against acceptance.

Commodity	Terms
Paint and varnish	90 to 120 days after sight, documents against acceptance.
Piece goods	British, 60 to 90 days after sight, documents against acceptance; French, 60 to 90 days after sight, documents against acceptance; Italian, up to 6 and 8 months after sight, documents against acceptance.
Radio equipment	90 days after sight, documents against acceptance.
Sporting goods	Cash against documents, to 90 days after sight, documents against acceptance.
Stationery, books, etc	90 days after sight, documents against acceptance.
Thread and yarn	Do.
Wearing apparel	90, 120, and 180 days after sight, documents against acceptance.

The markets of the French protectorate of Morocco have reached their present position in international trade comparatively recently. The import market is still primarily influenced by local custom. Long-term credits, a practice of long standing in local trade, have their origin in the seasonal movement of grain, which has always been the principal money crop of Morocco. The market is now in a process of evolution, which is largely the result of diversification of crops and the development of other than agricultural resources. This change, coupled with a growing international trade, is gradually tending to establish credit terms on a more stable basis. However, the market has not yet reached that point of development in which is found the middleman, wholesaler, or general importer, each specializing in a particular trade and financing his own undertakings. With the exception of sugar, tea, and cotton goods, imports into this district are handled directly by the retailer, who imports in small quantities and seeks the best possible credit terms.

Except as applied to noncompetitive products for which there is a special demand, trade in this district depends largely upon the ability to meet the terms of credit offered by European firms.

MOROCCO (INTERNATIONAL AND SPANISH ZONES)

Consul Donald F. Bigelow, Tangier

Commodity	Terms
Agricultural machinery	A small amount is imported into the Spanish Zone from Germany and Austria at 90 and 120 days after sight, documents against acceptance.
Automobiles and automotive accessories	Cash against documents. Agents grant terms varying from 3 to 12 months for automobiles and from 30 to 60 days for accessories.
Building material	60 or 90 days after sight, documents against acceptance.
Druggists sundries	30 to 90 days after sight, documents against acceptance.
Electrical supplies	90 days after sight, documents against acceptance.
Flour	Cash against documents; some cases 90 days after sight, documents against acceptance, with bank guaranty.
Footwear	60 days after sight, documents against acceptance. More liberal terms are sometimes given, especially by Spanish firms.
Gasoline and kerosene	30 to 60 days after sight, documents against acceptance.
Groceries and provisions	Cash against documents, and 60 days after sight, documents against acceptance.
Hardware	90 to 120 days after sight, documents against acceptance.
Industrial machinery	By installments, at 120 days, 6 months, and even 9 months.
Notions and novelties	60, 90, and 120 days after sight, documents against acceptance.
Paint and varnish	90 days after sight, documents against acceptance.
Pork products	Cash against documents; from Spain, 30 and 60 days after sight, documents against acceptance.
Piece goods	Spanish firms grant 60 and 90 days; French, 60 days; English, 60, 90, and 120 days; Italian, 90 and 120 days and German, 90 and 120 days.
Plumbing supplies	Spanish manufacturers, 60 days; Belgian, 90 days.
Radio apparatus	60 and 90 days after sight, documents against acceptance.
Surgical instruments	Cash against documents; and 90 days after sight, documents against acceptance.
Theater equipment	90 days after sight, documents against acceptance, and longer.
Tobacco	Purchased only by the Moroccan Tobacco Monopoly under variable conditions.
Wearing apparel	60, 90, and 120 days after sight, documents against acceptance.

This market has not reached the stage where the capital of local importers is, generally speaking, sufficient to permit them to finance their own requirements. Bank credits are restricted and, when obtainable, carry a comparatively high interest rate. Acceptances are infrequently discounted for less than 8 per cent, and such money as is currently loaned on the better class of mortgages carries interest at 12 per cent. Under the circumstances, importers, except when desirous of bringing in certain noncompetitive products for which there is a special demand, look to the manufacturers or foreign shippers for assistance in carrying their stocks. Long-term credits have been customary in the Moroccan trade and are an absolute requirement in many lines. There is little likelihood of a change in this respect so long as imports remain on a small scale, handled in most cases directly by the local retailers.

MOZAMBIQUE

Vice Consul W. Quincy Stanton, Lourenço Marques

The usual terms granted by American and other exporters are sight draft, documents against payment. A basis of cash against documents is occasionally used, but the first method prevails. Open accounts and letters of credit are the exception, while time drafts are generally restricted to certain specialized transactions in connection with the German textile trade, which will be discussed later. Similarly it is mostly German firms that engage in consignment selling. Some of these companies grant credits ranging from 60 to 120 days, but this practice is attended with a high degree of risk even in prosperous times. American exporters do not have the advantage of local branch-house representatives who perform the function of credit supervisors for the German companies.

American firms have frequently found it to their advantage to finance their shipments through a London or New York confirming house. By employing the services of an agent of this type the shipper receives his money without delay at an expenditure which usually does not exceed 5 per cent. Furthermore, many of the principal firms in the colony of Mozambique (Portuguese East Africa) do most of their buying through their oversea agents (London or New York).

There is a third factor of very great importance, and that is the standing of general distributors in Johannesburg, South Africa, in this market. Very few local firms are in a position to engage in even moderate-sized operations, so that oversea firms find it preferable to deal through a general agent in the Union of South Africa, usually in Johannesburg, who can finance the Mozambique transactions.

Quite frequently separate representatives are appointed in this area for the towns of Lourenço Marques, Beira, and Mozambique, as each little community is the center of a natural trading area based on the separation of this colony into three geographical sections without direct internal transport connections.

The small volume of business in this colony, which is limited by the paucity of its civilized population and the lack of mining and manufacturing (Mozambique being almost entirely agricultural except for the international traffic transit across the colony at Lourenço Marques and Beira), has resulted in the concentration of the bulk of the import business in the hands of a few dealers, which are mostly branches of oversea or South African firms, or are closely

associated with these outside companies. The essentially local houses are usually small and not in a position to finance properly their own transactions. As a result of this situation, the terms of credit for most types of commodities are generally the same; in other words, credit is extended to a general dealer, who is probably a combination of wholesaler, retailer, and perhaps small-scale manufacturer, handling a variety of merchandise lines and also performing such diverse functions as shipping and forwarding and warehousing.

BOND STORES

Automobile tires, alcoholic liquors, and canned foods constitute the exceptions to the usual credit terms, as they are being generally handled by leading dealers maintaining bond stores in Lourenço Marques in the names of the manufacturers and drawing upon these stores as the goods are needed, with payments made at the end of the month.

NETHERLAND EAST INDIES

Assistant Trade Commissioner August Brauer, jr., Batavia

Commodity	Terms
Agricultural equipment	Sight draft, documents against payment.
Automobile accessories	60 to 90 days after sight, documents against payment; some on letter of credit.
Building material	Sight draft, documents against payment.
Construction machinery	Do.
Druggists' sundries	Cash, to 30 to 60 days after sight, documents against payment, or 90 days after sight, documents against acceptance.
Electrical supplies	Cash, to 30 to 60 days after sight, documents against payment.
Flour	Letter of credit, confirmed irrevocable; sometimes sight draft, documents against payment.
Footwear	Sight draft, documents against payment, to 30 to 60 days after sight, documents against payment; or 90 days after sight, documents against acceptance.
Fresh fruit	Letter of credit.
Furniture	Do.
Groceries	Sight draft, documents against payment.
Hardware	Sight draft, documents against payment, to 30 to 60 days after sight, documents against payment, or 90 days after sight, documents against acceptance.
Hides and leather	Letter of credit.
Industrial chemicals	Sight draft, documents against payment.
Industrial machinery	Do.
Jewelry	Sight draft, documents against payment, to 30 to 60 days after sight, documents against payment, or 90 days after sight, documents against acceptance; some on open account.
Motor vehicles	Letter of credit.
Notions and novelties	Sight draft, documents against payment, to 30 to 60 days after sight, documents against payment, or 90 days after sight, documents against acceptance.
Office equipment	Letter of credit.
Packing products	Sight draft, documents against payment.
Paint and varnish	Sight draft, documents against payment; letter of credit; 30 to 60 days after sight, documents against payment; or 90 days after sight, documents against acceptance.
Piece goods	Consignment; 30 to 60 days after sight, documents against payment; or 90 days after sight, documents against acceptance.
Plumbing and heating equipment.	Sight draft, documents against payment; and letter of credit.
Printing machinery	Sight draft; documents against payment; or letter of credit.
Radio supplies	Sight draft, documents against payment; letter of credit; and 30 to 60 days after sight, documents against payment.
Sporting goods	Do.
Stationery and books	Sight draft, documents against payment; 30 to 60 days after sight, documents against payment.
Surgical instruments	Sight draft, documents against payment; 30 to 60 days after sight, documents against payment; or 90 days after sight, documents against acceptance.
Theater equipment	Letter of credit.
Thread and yarn	Sight draft, documents against payment.
Tobacco	Sight draft, documents against payment; letter of credit; and 30 to 60 days after sight, documents against payment.
Wearing apparel	Sight draft, documents against payment; letter of credit; and 30 to 60 days after sight, documents against payment; or 90 days after sight, documents against acceptance.

Credit and payment terms might better be classified according to the type of firm ordering the goods, rather than according to the kind of goods ordered. Business in the Netherland East Indies is not carried on by firms who specialize in particular lines, but rather by general importers, one of whom may handle everything. To that end, the following is submitted:

Large European importers.—These firms usually have connections in Europe, or in America, and almost invariably arrange for payment in the Netherlands, London, Hamburg, or New York, cash against documents. They do not request credit extension, as it is their aim to make savings on interest and to obtain cash discounts. Even when they do a consignment business, as is common in some lines of piece goods, they pay cash in Europe for 85 or 90 per cent of the value of the shipments, remitting the balance when they are sold. There are perhaps 30 such houses operating in the Netherland East Indies, and they control at least 60 per cent of the import trade. They pay cash for their purchases, but extend credits to their Chinese dealers, ranging from 30 days, which is common in the provision and drink trade, up to 90 or 120 days, as in the textile business.

Medium European importers.—These firms prefer to pay cash for their purchases, in the same manner as do the big firms, particularly since a draft at 60 days after sight, documents against acceptance, usually involves interest for approximately four months on shipments from Europe, and for as much as six months on shipments from the United States. These firms also pay cash against documents at the port of arrival in Java; the bulk of their business, however, is on a credit basis, especially if they are dealing in lines in connection with which they must extend extremely long credits to their dealers. They often get draft terms at 60 to 90 days after sight, documents against payment or documents against acceptance. There are about 50 such firms in the local markets, and they account for perhaps 25 per cent of the total import business.

Small European importers.—There are a few very small European importers who often try to secure generous credit terms from exporters, but such terms are granted cautiously. Exporters consider it better policy to insist upon at least sight-draft terms.

Chinese importers.—A few of the larger Chinese importers are in the same class as the medium-sized European import houses and pay in cash either at port of shipment or destination. Even the smaller Chinese importers are usually able to establish letters of credit for their purchasers, and they commonly do in connection with their imports of such items as sardines, kerosene, or provisions. Chinese firms unable to do this usually trade with the European import houses, from whom they obtain extended credit accommodation. On the other hand, Chinese dealers in certain lines, and particularly in connection with automotive accessories, are granted terms of 60 to 90 days after sight, documents against acceptance. If they buy direct they occasionally establish letters of credit to cover their orders, but the longer terms are usual.

From the above it would appear that this is largely a cash market, and it is true that the great bulk of transactions are handled on a cash basis. Credit extensions are commonly granted to local importers only in connection with commodities handled on extended credit in the local market, particularly textiles. There is no evidence in the local market that foreign competitors of the United States grant better terms than do American merchants.

The estimated division of imports according to methods of payment is as follows:

	Per cent
Open account	5
Cash at port of shipment	35
Sight draft	15
Time draft	20
Letter of credit, confirmed irrevocable	10
Consignment and branch-house stocks	15

NETHERLAND WEST INDIES (CURACAO, ARUBA, AND BONAIRE)

Consul Thomas W. Voetter, Cucacao

The usual range of terms is 15 to 90 days after sight, documents against acceptance. These terms are granted to firms of good reputation with whom American exporters have had successful dealings and who make payments according to schedule.

The population of Curacao is about 45,000 of which 6,000 are whites; the rest are of the black race. Willemstad is the principal city of the island and is the distributing center for the three islands mentioned above. Most of the merchandise received on the islands of St. Martin, St. Eustatius, and Saba is transshipped from Porto Rico, St. Thomas, or St. Kitts. Supplies for the oil refineries at Aruba are largely brought direct on tankers going there for cargo.

American firms usually appoint an agent in Willemstad who is capable of covering the islands of Curacao, Aruba, and Bonaire. Initial transactions are usually consummated on a cash or cash against documents basis.

The approximate percentages of the importing into this territory done under the methods of payment in general use are as follows:

	Per cent
Open account	5
Cash, including cash with order or cash at time of shipment	5
Sight draft	10
Consignment, less than	1
Letter of credit	2

Letters of credit are used in such cases as importations of automobiles and accessories, special lines of hardware, theater equipment, industrial machinery, and articles not adapted to ordinary commercial uses. The balance of the shipments are with time drafts, with varying terms. Shipments of fresh fruits and vegetables are made with drafts drawn payable 3 days after sight; for other classes of merchandise the term ranges from 15 to 120 days, with the greater proportion at 30 to 90 days. The longer term of 120 days is infrequent with American exporters, and usually is asked for only by new or small firms.

European exporters grant much longer terms than are given by American firms, 120-day sight drafts now being quite usual and credits of 6 months obtainable without difficulty.

NETHERLANDS

Commercial Attaché Jesse F. Van Wickel, The Hague

Commodity	Terms
Abrasives, paper and cloth	Payment after receipt and approval of the goods. Remittance takes place by check on a New York bank. Some business on basis of cash against documents.
Agricultural equipment	From cash against documents to open account. In the latter case payment usually results 3 months after date of invoice, and exceptionally after the lapse of a 6-month period. Farm engines are customarily sold on cash against documents, while European competitors, such as Germany, France, and England, supply their representatives with consignment stocks upon security of an accepted 6-month period.
Automotive accessories	30 days after sight, documents against acceptance, with interest.
Building material	Cash with order. Belgian, 3 months' credit against acceptance of draft.
Dried and canned fruits and honey.	Documents against acceptance of a 3-day sight draft.

Commodity	Terms
Druggists' sundries	Cash against documents; 30 days after sight, documents against acceptance; while on rare occasions remittance is made by importer by check after receipt of the goods. Preference is generally given to the term acceptance of 30-day sight draft with documents attached.
Electrical supplies	30 days after sight, documents against acceptance, with interest of 1 per cent.
Foodstuffs	Cash against documents; 30 days after sight, documents against acceptance; while on rare occasions remittance is made by importer by check after receipt of the goods. Preference is generally given to the term acceptance of 30-day sight draft with documents attached.
Fresh fruit	Letter of credit established in the United States.
Grain	Cash against documents.
Groceries and provisions	Cash against documents; 30 days after sight, documents against acceptance; while on rare occasions remittance is made by importer by check after receipt of the goods. Preference is generally given to the term acceptance of 30-day sight draft with documents attached.
Hides and leather	Cash against documents (in some instances American shippers permit inspection of the shipment before payment).
Industrial chemicals	Cash against documents.
Industrial machinery	Cash against documents (interest during the time between date of shipment and the date money is received). European manufacturers usually quote the following terms: One-third with order; one-third upon receipt of goods, no draft attached; one-third 3 months after receipt of goods. For the smaller type of equipment American firms quote cash on delivery, while European competitors grant 3 to 6 months' credit. Some American manufacturers grant terms of 60 days after date of invoice. Excavating machinery of American origin is offered on security of 50 per cent cash with order, with sight draft against documents covering balance. German producers grant prolonged credit facilities.
Iron and steel products	Cash against documents; and sight draft, documents against payment.
Marine engines	60 to 90 days after sight, documents against acceptance. European suppliers, such as Germany, England, and France, are very liberal with respect to shipping engines on consignment covered by security of a 6-month accepted sight draft at the time of delivery.
Motor vehicles	American, cash basis. Several manufacturers are providing credit facilities through financing concerns. The latter pay the manufacturer cash and collect the amounts involved from the respective local distributors.
Naval stores	Cash against documents. Some shipments made against acceptance of a 3-day sight draft.
Office equipment	90 days after sight, documents against acceptance; some open account, 90 days.
Oil cakes	Handled either on a basis of f. o. b. American port or c. i. f. Netherland port. In connection with f. o. b. quotations payment is made in America against documents, while the ocean freight is advanced by the importer's forwarding agent in America. With respect to c. i. f. terms, the shipper pays the ocean freight, etc., drawing a sight or 3-day sight draft on the importer which is attached to the shipping documents.
Paper	American, open account, payment 30 days after date of invoice, less 3 per cent discount to distributors; some 60 days from date of invoice, less 3 per cent.
Perfumes	Open account, payment to be made within 60 or 90 days from date of invoice; also, 60 or 90 days after sight, documents against acceptance.
Pharmaceuticals	From cash against documents, to 30 days after sight, documents against acceptance.
Plumbing and heating equipment.	Cash against documents; some 30 days after date of invoice.
Printing machinery and supplies.	Shipping documents against sight draft, New York. (Distributors have to carry fairly large stocks on hand in order to be enabled to fill orders at notice.) Such stocks are usually kept on hand for a period of 6 months before they are cleared. Netherland distributors have to grant 30 days' credit. Consequently, importers have their money tied up for a period of about 8 months. German manufacturers grant terms ranging from 6 to 12 months, or on consignment.
Radio apparatus	30 or 60 days after date, documents against acceptance. European, open account, payable 30 days after date of invoice.
Rubber goods:	
Sundries	10 days after sight, documents against acceptance, less 2 per cent, to 60 days after sight, documents against acceptance.
Technical rubber goods (rubber belting, hose, etc.).	30 to 90 days after sight, documents against acceptance.
Shoe and leather manufactures	30 days after receipt of the goods, less a 2 per cent discount.
Textiles	Hosiery and piece goods handled on a 30-day credit basis. The merchandise is handled principally by indent agents, and the local buyer either remits the amount involved 30 days after the date of invoice less 2 per cent discount, or accepts a draft maturing 30 days after date of shipment less 2 per cent discount.
Tires	American, 60 days after sight, documents against acceptance. European, consignment stocks.
Tobacco	60 or 90 days after sight, documents against acceptance.
Toilet articles	60 to 90 days' credit. No draft is drawn on long-established agents, but distributors remit the amount involved by check.

A study of the terms of payment granted by American exporters to their Netherland representatives seems to indicate that European competitors are following the principle of offering more liberal terms. Though merchandise of American origin is held in high regard by the Netherlands public—due to which such products can usually be sold at a slight premium in this territory—distributors frequently turn to German, British, or other European suppliers, in order to avail themselves of the credit terms offered.

NEWFOUNDLAND

Usual terms are cash against documents. Approximately three-fourths of the importations into Newfoundland from abroad are on a basis of cash against documents, or sight draft, documents against payment. Some small amount of business is done on a basis of 3 days after sight, and a few larger houses buy on a basis of 30 to 60 days after sight, documents against acceptance.

NEW ZEALAND

Trade Commissioner Julian B. Foster, Wellington

Commodity	Terms
Agricultural implements	30, 60, 90, and 100 days after sight, documents against acceptance.
Automotive accessories	30 to 90 days after sight, documents against acceptance.
Building material	Do.
Construction machinery	30 to 120 days after sight, documents against acceptance.
Electrical supplies	Sight draft, documents against payment, to 90 days after sight, documents against acceptance.
Fresh foods, vegetables, and perishables.	Confirmed irrevocable letter of credit.
Groceries and canned goods	30, 60 and 90 days after sight, documents against acceptance.
Hardware	30 to 90 days after sight, documents against acceptance.
Industrial machinery	30 to 120 days after sight, documents against acceptance.
Motor vehicles	Do.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Office equipment	30 to 120 days after sight, documents against acceptance.
Paint and varnish	30 to 90 days after sight, documents against acceptance.
Piece goods	30 to 60 days after sight, documents against acceptance.
Radio equipment	30 to 90 days after sight, documents against acceptance.
Surgical instruments	Do.
Theater equipment	Sight draft, documents against payment, to 120 days after sight, documents against acceptance.
Tobacco	Sight draft, documents against payment.
Wearing apparel	30 to 60 days after sight, documents against acceptance.

British firms are liberal in their terms to New Zealand importers of machinery. Some British exporters are shipping machinery on a quasi consignment basis; that is, they ship it out on consignment for a period of some 12 months, and if at the end of that time the article is not sold, the New Zealand importer is expected to remit to the British principal the amount involved.

British hardware manufacturers are extending their terms to 120 days on their line. In some instances British manufacturers have their factory representatives on the ground and ship to them on consignment; they in turn grant terms to the larger companies, extending in some instances, on hardware, up to 6 months.

British manufacturers in nearly all instances, with the exception of perishables, grant credits ranging from 30 to 120 days.

Most of the really large houses like to pay cash against documents on arrival, so that they may benefit by the discount of 2 or 2½ per cent which is usually allowed.

NICARAGUA

Consul Christian T. Steger, Corinto

Commodity	Terms
Agricultural equipment	Cash against documents.
Automotive accessories	30 to 60 days after sight, documents against acceptance. (These are to be distinguished from automotive parts, which are usually sold cash with order, or against confirmed irrevocable letter of credit.)
Building material	Cash against documents.
Construction machinery	Do.
Druggists' sundries	60 to 90 days after sight, documents against acceptance.
Electrical supplies	Cash against documents.
Flour	Open account, cash by return mail on receipt of invoice.
Footwear	30 to 60 days after sight, documents against acceptance.
Groceries and provisions	60 days after sight, documents against acceptance.
Hides and leather	60 to 90 days after sight, documents against acceptance.
Hardware	60 days after sight, documents against acceptance.
Industrial chemicals	Cash with order.
Industrial machinery	Do.
Jewelry	30 to 60 days after sight, documents against acceptance.
Motor vehicles	Cash with order, or irrevocable confirmed letter of credit.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Office equipment	Do.
Packing-house products	60 days after sight, documents against acceptance.
Paint and varnish	Do.
Piece goods	60 to 90 days sight, documents against acceptance.
Plumbing supplies	Do.
Printing machinery and supplies	Cash with order.
Radio supplies	Cash with order or sight draft, documents against payment.
Railway material and supplies	Cash with order.
Sporting goods	Cash against documents.
Stationery, books, etc	60 to 90 days after sight, documents against acceptance.
Surgical and precision instruments	Cash with order.
Theater equipment	Do.
Thread and yarn	60 to 90 days after sight, documents against acceptance.
Tobacco (cirgarettes only)	30 days after sight, documents against acceptance.
Wearing apparel	30 to 60 days after sight, documents against acceptance.

Usual terms of credit from American exporters are 30, 60, and occasionally 90 days after sight. European competitors ordinarily grant longer terms, 90 to 120 days being usual and, in the case of German exporters, 180 days for certain commodities. Many German houses are endeavoring to introduce terms of "— days from date of invoice" instead of "— days sight." The advantage of this, especially in the case of German firms, is not only an actual reduction in the length of the credit granted, but the elimination of uncertainty as to due date. Sailings from Germany for Corinto are irregular, and merchandise for Nicaragua may be held from one to two months at Hamburg awaiting a direct vessel for Corinto, thus increasing the delay in payment. For American firms this point is of less importance, since time of transit is not only much shorter, but also more definitely calculable.

The following is an estimate of the proportion of importing into Nicaragua done according to the various methods of payment.

	Per cent
Open account	15
Cash, including cash with order or cash at time of shipment	10
Sight draft	18
Time draft	50
Letter of credit	5
Consignment	2

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NORWAY

Commercial Attaché Marquard H. Lund, Oslo

Commodity	American terms	European terms
Agricultural implements	Sight draft, documents against payment; in a few cases, open account or settlement once a year.	Open account or consignment.
Automotive accessories	Sight draft, documents against payment; 30 to 90 days after date, documents against accpetance.	Open account.
Building material	Sight draft, documents against payment.	Sight draft, documents against payment.
Construction machinery	do	30 days.
Druggists' sundries	Varies.	Varies.
Electrical supplies	Sight draft, documents against payment.	30 to 90 days after date, documents against acceptance.
Feedstuffs	90-day letter of credit in New York City, or sight draft, documents against payment.	Sight draft, documents against payment.
Fibers, raw	do	Do.
Flour	Sight draft, documents against payment in New York City, or 90-day bank acceptance.	Sight draft, documents against payment, or 90-day bank acceptance.
Footwear	Sight draft, documents against payment, or 30 days net.	30 days, less 2, 3, or 5 per cent discount; or 90 days after date, documents against acceptance.
Fresh fruits and vegetables	Sight draft, documents against payment.	Sight draft, documents against payment.
Fuel, ores, etc	Not known	Do.
Furniture	do	90 days after sight, documents against acceptance.
Groceries and provisions	Sight draft, documents against payment, and 60 to 90 days date, documents against acceptance.	30 to 90 days after date, documents against acceptance.
Hardware	Sight draft, documents against payment, and 30 days less 2 per cent.	30 days less 2 per cent, 60 to 90 days after date, documents against acceptance.
Hides and leather	30 to 90 days open account (30 days less 2½ per cent).	30 to 90 days open account (30 days less 2½ per cent).
Industrial chemicals	Sight draft, documents against payment, Oslo.	Sight draft, documents against payment, Oslo.
Industrial machinery	Varies.	Varies.
Jewelry	do	Do.
Motor vehicles	Sight draft, documents against payment, New York.	Not known.
Notions and novelties	Sight draft, documents against payment.	30 to 90 days after date, documents against acceptance.
Office equipment	do	Sight draft, documents against payment; and one-third cash, two-thirds 90 days after date, document against acceptance.
Packing-house products	do	Sight draft, documents against payment.
Paint and varnish	Sight draft, documents against payment, or 60 days after sight, documents against acceptance.	30 days.
Piece goods	30 days after date, documents against acceptance.	30 to 60 days after date, documents against acceptance.
Plumbing and heating	30 days less 2½ per cent, or 4 months after acceptance.	30 days, less 2½ per cent or 4 months after acceptance.
Printing machinery and supplies.	Sight draft, documents against payment.	Open account.
Radio apparatus	30 to 60 days after sight, documents against acceptance.	30 to 60 days after sight, documents against acceptance.
Railway material and supplies.	Sight draft, documents against payment.	Sight draft, documents against payment.
Sporting goods	Sight draft, documents against payment; or 30 to 60 days after date, documents against acceptance.	30 to 90 days on open account.
Stationery, books, etc	Sight draft, documents against payment; or 30 days after date, documents against acceptance.	30 to 90 days after date, documents against acceptance.
Surgical and precision instruments.	Varies.	Varies.
Theater equipment	Not known	90 days after sight, documents against acceptance.
Thread and yarn	Sight draft, documents against payment.	30 days less 2½ per cent, 90 days after date, documents against acceptance.
Tobacco	90 days after sight, documents against acceptance.	Open account.

The general tendency of American exporters seems to be toward more liberal conditions of payment. At the same time, some quotations still call for cash with order or a letter of credit in New York City, so that drafts can be paid before the shipment leaves the United States. Such terms are generally not acceptable unless established by trade custom, as in the case of automobiles.

The insistence upon more liberal credit terms is not altogether due to a desire of Norwegian importers to put off payment as long as possible, but rather to the somewhat peculiar resale terms prevailing in some parts of Norway. For instance, importers selling to the fishing trade on the western coast of Norway may have to wait several months for their money, depending on the fishing season. The whaling industry has to finance its buyers for an entire year, as sales are made only once during the year. The situation is further complicated by the fact that the country is one of long distances and somewhat limited means of communications. Importers often make the point that they have to wait several months for their money, and that any assistance that American manufacturers may be willing to render in the matter of granting liberal credit and payment terms will only result in making it easier to do business.

It is not advisable to include Norway in agency arrangements with firms in Denmark or Sweden.

PALESTINE

Consul General Paul Knabenshue, Jerusalem

Commodity	Terms
Automotive accessories	Cash against documents.
Building material	Do.
Construction machinery	Do.
Druggists' sundries	60 to 90 days after sight, documents against acceptance.
Electrical supplies	Cash against documents.
Flour	60 to 90 days after sight, documents against acceptance.
Footwear	Do.
Fuel, ores, etc	Do.
Furniture	Do.
Groceries and provisions	Do.
Hardware	Do.
Hides and leather	Do.
Industrial chemicals	Do.
Industrial machinery	60 to 90 days after sight, documents against acceptance, with part cash payment.
Jewelry	Cash against documents.
Motor vehicles	Do.
Office equipment	60 to 90 days after sight, documents against acceptance.
Paint and varnish	Do.
Piece goods	Do.
Plumbing and heating equipment	Do.
Printing machinery and supplies	Do.
Radio apparatus	Do.
Sporting goods	Do.
Stationery, books, etc	Do.
Surgical and precision instruments	Do.
Thread and yarn	Do.
Tobacco	Do.

The usual method in most lines, dictated by custom, is for the shipper to forward the shipping documents to the consignee through a bank, accompanied by a draft drawn on the consignee for the amount of the invoice. The draft usually runs for 60 or 90 days.

In order to enable the purchaser to obtain possession of the goods (in the event of a sale, or if they are of a perishable nature) prior to the maturity of the draft, a provision is made to the effect that, should it be desired, the purchaser can withdraw the goods upon

payment of the draft under a rebate of 6 per cent interest (official maximum rate of discount in Palestine being 9 per cent).

The basis of cash against documents is also common in Palestine. Sight drafts are drawn by foreign shippers against delivery of documents (when no cash is being sent with order). This method has proved to be impracticable in dealing directly with local merchants, as a local merchant regards a sight draft as not different from an ordinary bill. The change has come about gradually, and it is said locally that it is the practice of creditors, particularly in Germany, France, and Italy. These groups have been very lenient; such leniency, however, enables them to compete successfully with American exporters who, it is claimed, generally practice great conservatism in the policy of granting credit extensions.

Another method of obtaining payment for goods is used by foreign exporters when the consignee is not known to the shipper and the latter does not wish to take the risk of having the goods returned to him in case his draft is not honored. The local buyer makes a deposit with some bank, or, if he is favorably known, gets credit for a certain length of time. The bank writes to the seller—and often to the seller's bank—stating that the seller may draw on the buyer at this bank for a certain length of time, up to a specified amount, against bills of lading shipped accompanying the draft. The seller then presents this letter to his bank, which sends the draft, with shipping documents attached, to the local bank for collection. This method is not so common as it has been, because of improved banking facilities. The scope of credit operations has widened considerably and business operations on the basis of credit have become a regular feature.

The opening of a confirmed and irrevocable credit in a bank abroad, available to the exporter, is not practiced.

In the case of motor vehicles and their accessories terms are invariably cash against documents. In many cases the buyer's bills are accepted and discounted by the bank as part payment on behalf of exporters, but in every case the agent is held responsible for the transaction.

European exporters are in a position to grant better credit terms, as their banks are known to make an advance in respect of goods shipped.

It should be added that most of the importing business in Palestine is done through commission agents. According to Palestine law "every commission agent who has advanced money on goods sent to him from another place, to be sold for the account of a principal, is entitled to be paid out of the value of such goods, in priority to other persons, any money so advanced by him, together with the interest and his expenses. But he should prove that the goods are deposited in his own stores or the stores of the local customhouse, and that he has possession or control of them as a bailee, or if the goods have not yet arrived, to show by the bill of lading that they have been consigned to him."

An approximate percentage of the importing into Palestine, as done on each of the various methods of payment, follows:

	Per cent
On basis of drafts running for 60 to 90 days	60
Cash against documents	25
Buyer making deposit with some local banks	10
Consignment basis or other special arrangements	5

PANAMA

Assistant Trade Commissioner A. Cyril Crilley, Panama City

Commodity	Terms
Agricultural implements	60 to 90 days after sight, documents against acceptance.
Automobile accessories	No "usual" terms in force.
Biologicals	60 to 90 days after sight, documents against acceptance.
Construction machinery	Cash in United States before shipment.
Electrical supplies	30 to 60 days after sight, documents against acceptance.
Footwear	60 days after sight, documents against acceptance; or 90 days after date, without interest.
Furniture fixtures, supplies, and glass mirrors.	90 days after date, documents against acceptance. (Before the war Belgium gave 6 to 9 months, but now Belgian terms are same as those of United States.)
Groceries and provisions	30 to 60 days after sight, documents against acceptance.
Flour	60 days after sight, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.
Iron and steel	Cash at time of shipment.
Leather	60 days after sight or 90 days after date, documents against acceptance, without interest.
Mechan cal leather and belting	60 to 90 days after sight, documents against acceptance.
Musical instruments	30, 60, and 90 days after sight, documents against acceptance, with 3 to 6 per cent interest. Germany, 120 days, no interest.
Notions and novelties	Europe grants liberal terms. Tourists are mostly Americans who prefer European novelties, etc.
Packing-house products	30 to 60 days after sight, documents against acceptance.
Paint and varnish	Do.
Piece goods	60 days after date, documents against acceptance, without interest; or 60 days after sight, documents against acceptance, with interest for 30 days.
Radio apparatus	30 to 60 days after sight, documents against acceptance.
Rice	Do.
Rubber belting	60 to 90 days after sight, documents against acceptance.
Rubber heels and canvas footwear	60 days after sight, documents against acceptance; or 90 days after date, without interest.
Shoe findings	30 to 60 days after sight, documents against acceptance.
Shoe polishes	60 days after sight, documents against acceptance, without interest.
Specialties	30 to 60 days after sight, documents against acceptance.
Sundries	60 to 90 days after sight, documents against acceptance.

Terms of sale are almost entirely dependent upon the standing of the importer or indentor. Panama as a market is comparatively small, and the two important trade centers, Panama City and Colon, seldom contain more than four or five capable representatives in any one trade. Agents, commission merchants, importers, wholesalers, and retailers in Panama City and Colon, almost without exception, state that while they entered business for the purpose of exploiting a single type of merchandise, they have gradually been forced to expand their stocks, which to-day are entirely unrelated to the original lines.

The number of exporters in the United States alone who are interested in Panama as a market is out of all proportion to the comparatively few capable outlets available.

In the Republic of Panama the number of representations held by the average merchant or agent is usually large, but the turnover is small. Commercial houses declare they must not be limited in this respect, because the market is small and many lines are necessary in order to operate, the income from any single line being usually small. This condition must be recognized, as it is irremediable.

The number of merchants and stores is large in proportion to the purchasing population of the country. These numerous merchants are dependent, therefore, upon steamship traffic, visits of naval fleets and tourists, whose spending power is variable and hard to gauge.

Panaman concerns that have endeavored to handle nothing but standard lines of American manufacture state that with a limited

clientele they have found it an uphill road to compete with prices and terms of European manufactured goods.

While, generally speaking, European firms do not grant as long terms as before the World War, they are now granting 120 days to several trades, thus giving merchants the opportunity of disposing of their merchandise before meeting commitments; in fact, European suppliers are practically financing certain organizations by this method.

In general, foreign exporters grant a minimum of 60 days and an average maximum of 120 days.

The approximate percentages of Panama's importations on the various methods of payment in use are:

	Per cent
Open account (mostly from Germany and England)	5
Cash, with order and at time of shipment	1
Sight draft	10
Time draft	70
Letter of credit (all types)	9
Consignment	5

PARAGUAY

Vice Consul V. Harwood Blocker, jr., Asuncion

Commodity	Terms
Agricultural equipment	Usually on consignment for 1 year.
Automotive accessories	90 days after sight, documents against acceptance.
Building material	60 days after sight, documents against acceptance.
Construction machinery	Very little imported into Paraguay; no established credit.
Druggists' sundries	120 days after date, documents against acceptance.
Electrical supplies	30 days after sight, documents against acceptance.
Flour	Imports from Argentina only, 30 days after sight, documents against acceptance.
Footwear	90 days after sight, documents against acceptance.
Fuel, ores, etc	Cash.
Groceries and provisions	60 to 90 days after sight, documents against acceptance.
Hardware	90 days after sight, documents against acceptance.
Industrial chemicals	120 days after date, documents against acceptance.
Jewelry	Cash.
Motor vehicles	120 days after date, documents against acceptance.
Notions and novelties	90 days after sight, documents against acceptance.
Office equipment	120 days after sight, documents against acceptance.
Paint and varnish	90 days after sight, documents against acceptance.
Piece goods	Do.
Printing machinery and supplies	Monthly installments for 1 year.
Sporting goods	Sight draft, documents against payment.
Stationery, books, etc	Do.
Surgical and precision instruments	Do.
Thread and yarn	90 days after sight, documents against acceptance.
Wearing apparel	Do.

The foregoing information applies both to American and to European exporters, although some European houses are more liberal than American houses in giving long-term credit. American concerns are cautious in taking credit risks, whereas European houses are eager to sell to all firms. American credits seldom exceed 90 days, but European firms grant longer terms when necessary.

PERSIA

Vice Consul in Charge Henry S. Villard, Teheran

American exporters to Persia generally require payment of 25 to 50 per cent of the value of the order against documents at the port of shipment, the balance to be paid upon arrival of the merchandise at a Persian or Iraq port. In certain cases, where the firms are known

to be well established, advance payment may not be required, the usual procedure being cash against documents on arrival. British and German exporters offer more liberal credit terms.

The few general importers are the chief source of supply for retailers, most of whom maintain small shops in the bazaars and stock miscellaneous wares, though some of these small merchants import on their own account. There is only a small number of wholesalers.

PERU

Commercial Attaché Charles H. Cunningham, Lima

Commodity	Terms
Agricultural equipment	60, 90, and 120 days after sight, documents against acceptance
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Building material	60 days after sight, documents against acceptance.
Construction machinery	90 to 120 days after sight, documents against acceptance.
Druggists' sundries	60 days after sight, documents against acceptance.
Electrical supplies	Do.
Feedstuffs	Do.
Flour	Sight draft, documents against payment; and 60 days after sight, documents against acceptance.
Footwear	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Letter of credit (irrevocable confirmed).
Furniture	60 days after sight, documents against acceptance.
Groceries and provisions	60 to 90 days after sight, documents against acceptance.
Hardware	60 days after sight, documents against acceptance; rarely 90 days after sight.
Hides and leather	90 days after sight, documents against acceptance.
Industrial chemicals	60 to 90 days after sight, documents against acceptance.
Industrial machinery	90 to 120 days after sight, documents against acceptance.
Jewelry	60 days after sight, documents against acceptance.
Motor vehicles	Irrevocable confirmed letter of credit.
Notions and novelties	60 days after sight, documents against acceptance.
Office equipment	60 and 90 days after sight, documents against acceptance.
Packing-house products	60 days after sight, documents against acceptance.
Paint and varnish	60 and 90 days after sight, documents against acceptance.
Plumbing and heating equipment	60 days after sight, documents against acceptance; rarely 90 days after sight.
Printing machinery and supplies	Supplies, 60 days after sight, documents against acceptance; machinery is sold on long terms, varying from 6 months to 2 years.
Radio apparatus	60 to 90 days after sight, documents against acceptance.
Railway material and supplies	Sight draft, documents against payment.
Sporting goods	60 to 90 days after sight, documents against acceptance.
Stationery, books, etc	Do.
Surgical and precision instruments	60 days after sight, documents against acceptance.
Theater equipment	60 to 90 days after sight, documents against acceptance.
Thread and yarn	60 days after sight, documents against acceptance.
Tobacco	Sight draft, documents against payment.
Wearing apparel	60 days after sight, documents against acceptance.

While the foregoing terms are those customarily granted by American exporters, there are exceptions, according to the nature of the merchandise sold and the reliability of the buyer. For instance, groceries and provisions are generally sold on the basis of 60 to 90 days after sight, but such products as rice, and others likely to suffer deterioration in transit and thus give source to collection difficulties, are, in many cases, sold on a letter-of-credit or cash basis.

Machinery, especially printing machinery, is sold on longer terms by American manufacturers.

Terms for construction and industrial machinery vary from 90 to 120 days after sight, but printing machinery is usually sold at terms ranging from 3 to 6 months when the transaction amounts to $2,000 or more, and from 1 to 2 years when the sum involved is from $5,000 to $10,000.

Credit terms in Peru vary from cash in advance, or letter of credit, to 150 days after sight, according to the merchandise involved and the solvency of the customer. The most common terms are 60 to 90 days after sight, documents against acceptance.

The large wholesale importing houses prefer to be sold on an open-account or cash basis, shipping documents to be sent direct to them instead of through local banks. In addition to the moral aspect, which is a consideration of great weight to the importers in this case, this method is alleged to prevent delays in the delivery of documents, thus avoiding storage charges and saving the collection fees. The regular discounts granted in such cases are also expected by the large importer who pays in this form.

Merchants are willing to pay a reasonable rate of interest on extensions, when necessary.

European firms sell on terms of 90 to 120, and sometimes 150, days after sight, without interest, the majority of their orders being placed at 90 and 120 days after sight.

The approximate percentages of the importing done under the various methods of payment in general use are as follows:

	Per cent
Open account	2
Cash, including cash with order or cash at time of shipment	5
Sight draft	10
Time draft	75
Letter of credit	5
Consignment	3

PHILIPPINE ISLANDS

Trade Commissioner Harvey V. Rohrer, Manila

Commodity	Terms
Agricultural equipment	60 to 90 days after sight, documents against acceptance or documents against payment.
Automotive accessories	60 to 90 days, documents against payment.
Building material	Do.
Construction machinery	90 days after sight, also long-time contract.
Druggists' sundries	60 to 90 days, documents against payment.
Electrical supplies	Do.
Flour	Do.
Footwear	Do.
Fresh fruits and vegetables	30 to 90 days, documents against payment.
Furniture (office)	60 to 90 days, documents against payment.
Groceries and provisions	Do.
Hardware	60 days, documents against payment.
Hides and leather	60 to 90 days, documents against payment.
Industrial chemicals	Do.
Industrial machinery	60 to 90 days after sight, also contract.
Jewelry	60 to 90 days, documents against payment.
Motor vehicles	Letter of credit, irrevocable.
Notions and novelties	60 to 90 days, documents against payment.
Office equipment	Do.
Packing-house products	Do.
Paint and varnish	Do.
Piece goods	Do.
Petroleum products	60 to 90 days, documents against payment or documents against acceptance.
Plumbing and heating equipment	60 to 90 days, documents against payment.
Printing machinery and supplies	Do.
Radio equipment	Do.
Railway material and supplies:	
Light-weight	Do.
Heavy-weight	3 to 5 months, by contract.
Sporting goods	60 to 90 days, documents against payment.
Stationery, books, etc	Do.
Surgical and physician instruments	Do.
Theater equipment	Do.
Thread and yarn	Do.
Tobacco products	Do.
Wearing apparel	Do.

Few firms are warranted in demanding more favorable terms than documents against payment. Where the local firm may be entitled to better terms than documents against payment, local financial institutions will in all probability be willing to offer the necessary

facilities. Only a few Chinese firms are entitled to credit when dealing with American firms direct. The only exception is, of course, where purchases are made through local indent agents who are in reality handling the transaction and are in a position to protect their American principals. Small firms of weak financial backing attempting to do business direct are, in most cases, entitled to merchandise only on a basis of cash with order or an irrevocable letter of credit.

Japanese exporters have offered very lenient terms on the Philippine market. This is especially true in such items as textiles, where terms of documents against acceptance are at times offered. The German manufacturers offer terms of documents against payment to most local firms with whom they do business, while they are at times willing to give terms of documents against acceptance when the local agent feels that the account is reasonably reliable. This latter practice may also be stated as true among English firms doing business in this area.

The following estimates indicate the relative importance of the various methods of payment:

	Per cent
Documents against payment	80
Letters of credit	7
Documents against acceptance	5
Cash with order	5
Consignment	2
Open account	1

POLAND

Assistant Trade Commissioner Gilbert Redfern, Warsaw

Commodity	Terms
Agricultural implements	4 to 9 months, usually on open account; tractors, up to 2 years.
Automotive accessories	90 to 180 days after sight, documents against acceptance; occasionally for cash.
Building material	6 to 12 months, often on open account.
Construction machinery	120 to 180 days after sight, documents against acceptance.
Druggists' sundries	90 to 120 days after sight, documents against acceptance.
Electrical supplies	120 to 180 days after sight, documents against acceptance; mechanical refrigerators up to 2 years.
Foodstuffs	Cash, or up to 90 days after sight, documents against acceptance.
Fibers, raw	Up to 120 days after sight, documents against acceptance.
Footwear	Up to 6 months.
Fresh fruits and vegetables	Cash.
Fuel, ores, etc	Up to 3 months for ores; no fuel imported.
Groceries and provisions	Cash, or up to 90 days after sight, documents against acceptance.
Hardware	120 to 180 days after sight, documents against acceptance; often on open account.
Hides and leather	Cash, and up to 120 days after sight, documents against acceptance.
Industrial chemicals	Up to 180 days after sight, documents against acceptance.
Industrial machinery	Up to 2 or 3 years, on open account.
Jewelry	Up to 1 year.
Motor vehicles	12 to 18 months retail; dealers usually finance through acceptance corporations.
Notions and novelties	120 to 180 days after sight, documents against acceptance.
Office equipment	Up to 1 year; frequently on open account.
Packing-house products	Cash, and up to 90 days after sight, documents against acceptance.
Paint and varnish	120 to 180 days after sight, documents against acceptance.
Piece goods	90 to 120 days after sight, documents against acceptance.
Plumbing and heating equipment	Up to 9 months; or 12 months on open account in exceptional cases.
Printing machinery and supplies	Up to 12 months on open account; longer in exceptional cases.
Radio apparatus	120 to 180 days after sight, documents against acceptance.
Railway material and supplies	Government only buyer; pays cash after accounts are passed.
Sporting goods	Up to 9 months, frequently on open account.
Stationery, books, etc	90 to 120 days after sight, documents against acceptance.
Surgical and precision instruments	Up to 1 year, usually on open account.
Theater equipment	Up to 1 year.
Thread and yarn	90 to 180 days after sight, documents against acceptance; raw cotton mainly on 6-month open account to important spinners.
Tobacco	Government only buyer.
Wearing apparel	120 to 180 days after sight, documents against acceptance.

Wholesale importers, therefore, are more and more demanding consignment stocks, and they maintain that European exporters are not averse to doing business on such a basis with reputable Polish houses, the shippers even paying the import duty and all handling charges. There are also a few instances where manufacturers consign stocks against monthly or quarterly settlements to their long-established Polish connections. In general, however, American manufacturers appear much more reluctant than their European competitors to ship merchandise to Poland on a consignment basis.

There is very little uniformity in the matter of credit and payment terms in the Polish market, and it is impossible to submit a concise statement under a commodity classification that would show accurately and authoritatively what terms are granted. Credit is a primary factor in Polish business, and more often than not the order goes to the manufacturer offering the easiest terms of payment. Cash, meaning on delivery of the shipping documents by the bank, is paid only for indispensable imports. Local manufacturers, even in the "cartelized" industries, do practically no business on a cash basis. Sales against 90-day drafts are the best they hope for. Not only do credit terms vary greatly on a commodity classification basis, but they even show considerable variation on individual commodities, depending to a large extent on the nationality of the merchandise. For instance, an American manufacturer of woodworking machinery might be willing to allow 6 months' open credit to a reputable Polish buyer, while a German manufacturer of a competing line would in all probability offer similar equipment on 2 or even 3 years' open credit. Similarly, whereas American exporters of automotive accessories are now generally willing to accept 90-day drafts (after receipt of merchandise) from a good jobber, the same importer not unlikely is able to buy from French or German manufacturers against 180-day bills.

PORTO RICO

Assistant Trade Commissioner Darwin DeGolia, San Juan

Commodity	Terms
Agricultural equipment	Ordinarily at sight, but heavy equipment for sugar centrals and large buyers is sold on long terms, sometimes up to 2 years.
Automotive accessories	90 days after sight, documents against acceptance.
Building material	Sight draft, documents against payment.
Construction machinery	Do.
Druggists' sundries	90 days after sight, documents against acceptance, to 120 days after date, documents against acceptance; average probably 75 days after sight, documents against acceptance.
Electrical supplies	30 to 60 days after sight, documents against acceptance.
Feedstuffs	30 days after sight, documents against acceptance.
Flour	30 to 75 days after sight, documents against acceptance.
Footwear	60 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Sight draft, documents against payment, to 30 days after sight, documents against acceptance.
Furniture	90 days after date, documents against acceptance, to 120 days after sight, documents against acceptance.
Groceries and provisions	30 days after sight, documents against acceptance.
Hardware	30 to 60 days after sight, documents against acceptance.
Hides and leather	60 to 90 days after sight, documents against acceptance.
Industrial chemicals	Usually 75 days after sight, documents against acceptance.
Industrial machinery	Shipments are usually to specific order and on terms arranged for each sale; long terms generally prevail.
Jewelry	15 to 30 days after sight, documents against acceptance.
Motor vehicles	Manufacturers make their own arrangements with their local distributors.
Notions and novelties	30 to 120 days after sight, documents against acceptance.
Office equipment	30 to 90 days after sight, documents against acceptance.
Packing-house products	30 days after sight, documents against acceptance.
Paint and varnish	60 to 90 days after sight, documents against acceptance.

Commodity	Terms
Piece goods	60 to 120 days after sight, documents against acceptance.
Plumbing and heating equipment	Sight draft, documents against payment.
Radio apparatus	90 days after sight, documents against acceptance; with interest at 6 per cent.
Sporting goods	Open account; also 30 to 60 days after sight, documents against acceptance.
Stationery, books, etc	60 to 75 days after sight, documents against acceptance.
Thread and yarn	Open account for retail sale, or by special arrangement.
Tobacco	American cigarettes usually at sight or 30 days after sight, documents against acceptance.
Wearing apparel	30 days after sight, documents against acceptance.

There is a very small importation of foreign merchandise into Porto Rico, over 90 per cent of the island's consumption being goods of American origin.

Approximate percentages of sales on various payment methods are given below. This approximation is based on the number of sales rather than volume of goods. Four or five very large and financially solid firms, purchasing on open account, may import 20 per cent of the goods sold on the island, but on the basis of the number of sales to separate houses, less than 5 per cent are made on an open-account basis.

	Per cent
Open account	5
Cash	Negligible.
Sight draft	35
Time draft	55
Letter of credit	2
Consignment	3

PORTUGAL

Consul General Samuel T. Lee, Lisbon

Commodity	Terms
Agricultural implements	30 to 120 days after sight, documents against acceptance; some transactions on open account.
Automobiles and accessories	30 to 180 days after sight, documents against acceptance. In some cases sight draft, documents against payment, and in others, cash at time of shipment.
Chemicals	30 to 90 days after sight, documents against acceptance; some business done on basis of sight draft, documents against payment.
Electrical goods	30 to 90 days after sight, documents against acceptance; some business done on basis of cash with order or at time of shipment, and some on sight draft, documents against payment.
Foodstuffs:	
Wheat, rice and corn	Letter of credit; some, 30 to 90 days after sight, documents against acceptance, with or without bank guaranty.
Other	30 to 60 to 90 days after sight, documents against acceptance.
Hardware	Do.
Iron, steel, and other metals	30 to 60 to 90 days after sight, documents against acceptance; a small amount of this business is done on open account; and some with sight draft, documents against payment.
Leather	30 to 90 days after sight, documents against acceptance. In some cases cash at time of shipment; and in others, sight draft, documents against payment.
Machinery	30 to 180 days after sight, documents against acceptance. Some business done on open account; some on sight draft, documents against payment; and some on cash with order or at time of shipment.
Paper, office equipment and supplies.	30 to 90 days after sight, documents against acceptance. In some cases on open account; some on sight draft, documents against payment.
Rubber goods	30 to 60 or 90 days sight, documents against acceptance. Some business done on open account; some on sight draft, documents against payment; some on cash with order or at time of shipment.
Textiles	30 to 90 days after sight, documents against acceptance; in some cases sight draft, documents against payment.

Terms depend more upon the standing of the importing firm than upon the nature of the merchandise involved. The same article might be imported by several different firms, each firm receiving different credit terms. Conditions also vary in the same commodities with the amount of business involved and the duration of the business relationship between the importer and the exporter. There appear to be no fixed trade practices in regard to credit and payment terms for individual commodities.

As a rule, Portugese exporters expect and are accustomed to long-term credits and these conditions are generally granted by European exporters, although exceptions are known. German exporters grant the longest terms, and in some exceptional cases allow periods ranging from 1 to 3 years for payment. The usual terms are 30, 60, and 90 day sight drafts, with documents against acceptance.

The approximate percentages of importing from European and American firms under the various terms are as follows:

Method of payment	American percentage	European percentage
Open account	2	5
Cash, including cash with order or cash at time of shipment	13	5
Sight draft	20	10
Time draft	48	70
Letter of credit	15	5
Consignment	2	5

RUMANIA

Commercial Attaché Sproull Fouche, Bucharest

Commodity	American terms	European terms
Agricultural equipment	Cash or bank guaranty	6 to 9 months.
Automotive accessories	Cash	30 to 60 days.
Building material	Cash against documents; imports negligible.	6 to 9 months.
Construction machinery	3 to 6 months; imports negligible	9 to 12 months.
Druggists' sundries	90 days after sight, documents against acceptance.	3 to 6 months.
Electrical supplies	Cash against documents; or 90 days after sight, documents against acceptance.	Do.
Fibers, raw	None from United States	Do.
Footwear	do	Do.
Fresh fruits and vegetables	do	2 to 3 months.
Fuel, ores, etc	do	1 to 3 months.
Furniture	Imports negligible	9 to 12 months.
Groceries and provisions	30 to 90 days after sight, documents against acceptance.	3 months.
Hardware	90 days after sight, documents against acceptance.	3 to 6 months.
Hides and leather	90 days after sight, documents against acceptance; or 120 days after date.	4 to 6 months.
Industrial chemicals	90 days after sight, documents against acceptance.	3 to 4 months.
Industrial machinery	do	6 months.
Jewelry	Imports negligible	Cash or consignment.
Motor vehicles	Cash; in rare instances 90 days after sight, documents against acceptance.	Generally consignment; others 3 to 4 months.
Notions and novelties	90 days after sight, documents against acceptance.	3 to 4 months.
Office equipment	One-third cash, one-third 3 months, and one-third 6 months.	6 to 9 months.
Packing-house products	Cash	90 days.
Paints and varnishes	60 days from arrival	3 to 6 months.
Piece goods	Cash against documents; imports negligible.	Do.
Plumbing and heating equipment	Cash, or 90 days after sight, documents against acceptance.	9 to 12 months.

Commodity	American terms	European terms
Printing machinery and supplies.	12 months, on monthly installments.	9 to 18 months.
Radio goods	Cash, or 90 days after sight, documents against acceptance.	6 to 12 months.
Railway material and supplies.	State sole purchaser, under sealed bidding system.	Small purchases, generally cash.
Sporting goods	90 days after sight, documents against acceptance.	3 to 6 months.
Stationery, books, etc	do	Books generally on consignment; stationery 6 months.
Surgical and precision instruments.	do	6 to 12 months.
Theater equipment (cinema)	Leased; or 90 days after sight, documents against acceptance.	3 to 12 months.
Thread and yarn	None imported	Thread, 1 month. Yarns, England, 3 months; Germany, Italy, and Czechoslovakia, 6 months.
Tobacco	Cigarettes imported by the Government only, generally cash upon arrival.	
Toilet articles	90 days after sight, documents against acceptance.	6 months
Wearing apparel	Generally cash on arrival; occasionally 120 days from date of invoice or 90 days from arrival.	Do.

Payment terms granted Rumanian importers are subject to wide variations, depending upon the character of goods imported and the standing of the importers. As a rule, German and Czechoslovak exporters are much more liberal in their terms than exporters in America, England, and France.

The foregoing table, giving the usual terms extended by American and European exporters to Rumania, has been prepared after consulting with the chamber of commerce and with importers of all lines. Much longer terms than those shown in the table are frequently granted when payment is guaranteed by some reputable Rumanian bank.

SALVADOR

Consul A. E. Carleton, San Salvador

Commodity	Terms
Agricultural equipment	Cash against documents; large orders, credit given up to 3 years, covered by acceptances, interest charges up to 8 per cent per annum.
Automobile accessories	Irrevocable letter or credit, or cash in United States before shipment; and 30 to 60 days after sight, documents against acceptance.
Building material	Cash against documents. In some cases irrevocable letter of credit with order.
Construction material	See building material.
Druggists' sundries	Up to 120 days after sight, documents against acceptance; some on open account.
Electrical supplies	Large orders, irrevocable letter of credit. Small supplies, cash and sight draft, and up to 60 days after sight, documents against acceptance.
Foodstuffs	Cash, and up to 30 and 60 days after sight, documents against acceptance.
Fibers, raw	International agencies handle on consignment basis with agents who distribute; also up to 90 days.
Flour	Cash on delivery.
Fresh fruit (no fresh vegetables)	Cash on delivery; up to 30 and 60 days after sight, documents against acceptance.
Furniture	Cash on delivery; also 60 days after sight, documents against acceptance.
Groceries and provisions	30 and 60 days after sight, documents against acceptance.
Hardware	Do.
Hides and leather	Do.
Industrial chemicals	Do.
Jewelry	Importations limited.
Motor vehicles	30, 60, and 90 days after sight, documents against acceptance.
Office equipment	Sight draft, documents against payment; some consignment.
Packing-house products	30 and 60 days after sight, documents against acceptance.
Fertilizers	From 60 to 90 days, to a year's credit.

Commodity	Terms
Paint and varnish	30 and 60 days after sight, documents against acceptance.
Piece goods	Cash against documents; and up to 60 days after sight, documents against acceptance.
Plumbing and heating equipment	30 and 60 days after sight, documents against acceptance; sight draft against documents in San Salvador and plus interest on draft from date of draft.
Printing machinery and supplies	Large orders for machinery generally subject to special credit arrangements; supplies, 30 and 60 days after sight, documents against acceptance.
Radio apparatus, phonographs, etc.	Cash against documents.
Sporting goods	Do.
Stationery, books, etc	Cash against documents accepted. Germany and Spain give 120 days and 6 months at times.
Surgical and precision instruments	Arrange special credit terms; cash against documents.
Theater equipment	Subject of special contracts between parties.
Thread and yarn	Up to 90 days after sight, documents against acceptance.
Tobacco	Cash against documents; and 30 and 60 days after sight, documents against acceptance.
Wearing apparel	Cash against documents; up to 60 days after sight, documents against acceptance.

There is very little consignment business; the general average of credits appears to be 30 and 60 days after sight, documents delivered on acceptance, and these terms are generally adhered to.

AGREEMENT OF LOCAL BANKS IN SALVADOR

The local banks have agreed in respect to protests, reacceptance in blank of time drafts, and responsibility in respect to merchandise consigned to a bank, etc., as follows:

1. The banks will not undertake to protest drafts received for collection, whether instructed to do so or not by remitters and will not assume any responsibility whatsoever toward drawers and/or indorsers for the nonprotest of such drafts. Nevertheless, the individual banks retain liberty of action to protest accepted drafts at their own option.

The banks will endeavor to obtain reacceptance in blank of time drafts not paid at maturity date, but assume no responsibility in regard to this disposition.

2. No responsibility will be assumed in respect of merchandise consigned to the bank or covered by drafts and/or documents received for collection. The banks will not undertake to store, realize, sell, nor insure such merchandise, but will arrange reshipment to the country of origin only, for the account and entire risk of remitters, of merchandise covered by documentary drafts in their possession for collection, refused by drawees. This applies also to merchandise shipped to this Republic by parcel post.

SCOTLAND

Consulate General at Glasgow

Credit and payment terms in Scotland are more or less identical with those in England. If there is any difference at all, it is a tendency toward cash against documents, and shorter terms, provided a discount for cash is given, because of the somewhat more conservative attitude of the business man in Scotland.

Variations in terms are greater as between different firms in the same commodity than between different commodities. However, by far the greater share of business is done on a 30-day basis, and such exceptions as occur are due either to the nature of the commodity, in which case terms are identical with those in the same line in England, or to special arrangements between firms as a result of confidence arising from long-established dealings.

SIAM

Vice Consul Alan S. Rogers, Bangkok

Usual terms are 30 to 60 days after sight, documents against payment. American firms generally do business on the basis of confirmed bank credit, usually irrevocable. British exporters operate largely through their own branches; also, when selling direct, usually draw bills on a basis of documents against payment. German exporters frequently deal on a basis of documents against acceptance and allow terms up to 90 days.

Local importers in turn endeavor to confine terms to their customers in Siam to a period of not more than 90 days. Installment buying is a growing practice, and it is seldom that a wholesaler obtains cash from a local retailer.

In general, credit terms in Siam are largely an individual matter and there are no definite or precise standards. While it is recognized that confirmed credits result in some loss of business, this practice on the part of American exporters is regarded as quite sound.

SOCIETY ISLANDS

Consul William P. Garrety, Tahiti

The usual credit term, applying to all commodities imported, is from 28 to 90 days. Most of the business is done through American commission houses. Copra, vanilla beans, pearl shell, and coconuts are consigned to the American commission houses, which sell the products and credit the proceeds of the sales to the Tahiti merchants. They then purchase for the account of the Tahiti merchants such goods as they may have ordered, and at irregular intervals a draft is sent for the balance due either the commission house or the merchant. This method applies to the business of all the leading firms in Tahiti. The small firms order through local representatives of American or foreign commission agents.

SPAIN

Trade Commissioner Julian C. Greenup, Madrid

Commodity	Terms
Agricultural equipment	1 year after date; European terms are generally longer, with the exceptions up to 2 and 3 years.
Automotive accessories	60 to 90 days after sight, documents against acceptance. A few of the leading dealers demand and receive 180 days' credit, the first 90 days without interest.
Building material	30 to 90 days after sight, documents against acceptance.
Construction machinery	From 60 days to 1 year after sight, documents against acceptance.
Cotton	Open letter of credit.
Druggists' sundries	90 days after sight, documents against acceptance.
Electrical supplies	30, 90, and 120 days after sight, documents against acceptance.
Fibers, raw	From the Philippine Islands, 90 to 120 days after sight, documents against acceptance.
Footwear	60 days after sight, documents against acceptance.
Fresh fruits and vegetables	Cash with order.
Fuel, ores, etc	Petroleum products are the only important items under this head. The business is entirely controlled by the Compañía Arrendataria del Monopolio de Petroleos, S. A. Its method of purchase is cash with order. Firms handling private brands of lubricating oils and which are not direct factory representatives of foreign oil firms, submit their orders, accompanied by cash, to "CAMPSA."
Furniture	90 to 120 days after date, documents against acceptance.
Groceries and provisions	45 days after sight, documents against acceptance; and 90 days after date, documents against acceptance.
Hardware	90-days after date, documents against acceptance.
Hides and leather	30 days after sight, documents against acceptance.
Industrial chemicals	Do.
Industrial machinery	120 days after sight, documents against acceptance.

Commodity	Terms
Jewelry	120 days after date, documents against acceptance.
Motor vehicles	Sight draft, documents against payment. Motorcycles, 90 days after sight, documents against acceptance. Finance corporations, 2 to 5 months.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Office equipment	90 to 180 days after sight, documents against acceptance.
Packing-house products	English merchants customarily demand payment against documents.
Paint and varnish	Cash against documents.
Piece goods	60, 90, and 120 days after sight, documents against acceptance, paying 6, 5½, and 5 per cent interest, respectively.
Plumbing and heating equipment	30 to 60 days after sight, documents against payment. Many important importers pay cash for the purpose of receiving discounts ranging from 2 to 5 per cent.
Printing machinery and supplies	One-third cash with order, balance in accepted monthly drafts extending over 1 year; 5 per cent discount to those who pay cash with order. Printing ink, to newspapers, accepted drafts extending over periods up to 180 days; to others, 60 and 120 days after sight, documents against acceptance.
Radio apparatus	Sight drafts, documents against payment.
Railway material and supplies	60 and 90 days after sight, documents against acceptance.
Sporting goods	90 days after sight, documents against acceptance, with interest.
Surgical and precision instruments	European firms grant 60 to 120 days after sight, documents against acceptance.
Theater equipment	90 and 120 days after sight, documents against acceptance. Longer terms occasionally with interest.
Tobacco	Sight drafts after inspection of merchandise.
Wearing apparel	40 days after date, documents against acceptance; and 60 days after sight, documents against acceptance.

The foregoing terms represent the best estimate of the average for the different commodities named, as practically all possible variations of terms have been found in operation in most classes of trade (both as concerns Americans and their competitors in the Spanish market), on account of the frequency with which exporters and importers enter into special arrangements of mutual advantage under prevailing trade practices.

There is a slight tendency on the part of American exporters to lengthen their terms to meet the conditions offered by many foreign competitors, which are generally more advantageous. European exporters dealing with reputable Spanish firms grant open accounts for any period up to 1 year for almost all classes of nonperishables, and for as much as 2 or 3 years for some products—for example, agricultural and certain other machinery. These terms may be with or without bank guaranties.

Numerous importers consulted stated that from time to time when their accounts were in proper condition they exercised the option of paying cash, in order to receive the cash discount, which is usually 2 per cent for full payment upon arrival of merchandise. Discounts for payments in 30 and 60 days are not common.

SURINAM

Vice Consul Harold E. Riggs, Georgetown

Terms for all commodites are 30 to 60 days after sight, documents against acceptance. American firms frequently appoint a selling agent in Paramaribo to cover the entire colony. Netherland firms grant credit up to 90 days, but owing to the limited amount of trade with this area it is not advisable for American firms to approximate these terms.

Initial transactions should be arranged on a basis of cash or cash against documents, until business relations warrant otherwise. Before granting credit, it is advisable to obtain information as to reputation and standing of local firms through the usual channels.

SWEDEN

Commercial Attaché T. O. Klath, Stockholm

Commodity	Terms
Agricultural equipment	90 days after sight, documents against acceptance.
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Tires	90 days after sight, documents against acceptance.
Building material	60 days after sight, documents against acceptance.
Construction machinery	60 or 90 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance.
Electrical supplies	60 days after sight, documents against acceptance.
Foodstuffs	30 days after sight, documents against acceptance.
Fibers, raw	90 days after sight, documents against acceptance.
Flour	Usually cash against documents; occasionally 90 days after sight, documents against acceptance.
Footwear	30 to 90 days after sight, documents against acceptance.
Fresh fruits and vegetables	Letter of credit in United States; or cash against documents.
Furniture	30 to 90 days after sight, documents against acceptance.
Groceries and provisions	Do.
Hardware	30 days after date, with 2 per cent discount; or 60 to 90 days after sight, documents against acceptance.
Hides and leather	30 up to 120 days after sight, documents against acceptance; ordinarily 5 per cent discount for cash.
Industrial chemicals	30 to 60 days after sight, documents against acceptance.
Industrial machinery	60 to 90 days after sight, documents against acceptance.
Motor vehicles	Cash against documents, or letter of credit.
Notions and novelties	30 to 90 days after sight, documents against acceptance.
Office equipment	Do.
Packing-house products	Cash against documents; or 30 days after sight, documents against acceptance.
Paint and varnish	30 to 120 days after sight, documents against acceptance; some cash against documents.
Plumbing and heating equipment	30 to 90 days after sight, documents against acceptance.
Printing machinery and supplies	Do.
Radio apparatus	30 days after sight, documents against acceptance; some open account.
Sporting goods	30 to 90 days after sight, documents against acceptance; some open account.
Stationery, books, etc	Cash against documents.
Surgical and precision instruments	30 days after sight, documents against acceptance.
Textile piece goods	60 days after sight, documents against acceptance.
Theater equipment	Cash against documents.
Threads and yarns	30 to 60 days after sight, documents against acceptance.
Tobacco	Manufactured tobacco, 30 to 60 days after sight, documents against acceptance; raw tobacco, Government monopoly.
Wearing apparel	30 to 90 days after sight, documents against acceptance.

The general opinion in Sweden seems to be that American firms have greatly liberalized their credit terms, and many Swedish firms state that American terms are more favorable than those obtained from our European competitors. However, it seems that German and English exporters, particularly the former, are willing to extend the terms originally granted, provided the buyer is worthy of credit.

SWITZERLAND

Assistant Commercial Attaché Henry E. Stebbins, Berne

Commodity	Terms
Agricultural equipment	60 days after shipment from factory; also sight draft, document3 against payment.
Spare parts	90 days after sight, documents against acceptance.
Automobile accessories	60 to 90 days after sight, documents against acceptance. Longer terms—sometimes 120, 150, or 180 days—are granted on certain lines, batteries often on consignment.
Building material	60 to 90 day sight draft, documents against acceptance.
Construction machinery	Cash against documents, to 120 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance, less 3 per cen cash, or 90 days net.
Electrical supplies	Cash against documents on arrival of goods; and 30 to 60 days after sight, documents against acceptance.
Foodstuffs	Cash; credit opened in New York in dollars through the buyer by a Swiss bank.

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Commodity	Terms
Footwear	30 to 60 days after sight, documents against acceptance.
Furniture	Do.
Groceries and provisions	Cash; 30 to 60 days after sight, documents against acceptance sometimes allowed.
Hides and leather	Cash against documents; revolving letter of credit in New York.
Industrial chemicals	30, 60, and 90 days after sight, documents against acceptance.
Industrial machinery	14 to 60 to 90 days after sight, documents against acceptance.
Motor vehicles	Irrevocable letter of credit in United States.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Office equipment	30 to 90 days after sight, documents against acceptance.
Paint and varnish	60 to 90 days after sight, documents against acceptance.
Piece goods	30 days less 2 per cent, or 60 days net, sight draft, documents against acceptance.
Plumbing and heating	60 to 90 days after sight, documents against acceptance.
Printing machinery	Cash against documents, to 60 days after sight, documents against acceptance.
Radio apparatus	Do.
Sporting goods	Cash against documents. Only a few firms import direct, and some are granted 60 days.
Stationery	30 days after sight, documents against acceptance.
Surgical and precision instruments	Very little imported from the United States, which is mostly cash. Long-term credit is granted by German firms.
Tobacco	60 days from date of invoice.
Wearing apparel	30 days less 2 per cent; or 60 days after date, documents against acceptance.

It will be noted that the credit on many of the commodities in the preceding list is given as cash in one form or another, but it must be remembered that the major portion of American goods sold on this market are quality goods, and the importers can afford to pay cash for quality. A new product on this market or a commodity which must face severe competition will invariably have to wait to be paid for. Therefore, as a general rule, American exporters seeking outlets in this market give at least 30 and often 90 days.

Transaction on a basis of cash or cash against documents can be considered on this market only when the commodity in question is of the very highest quality and in great demand.

Discounts as a rule are 2 per cent for payment within 30 days, net 60 or 90 days; in some instances 3 or 5 per cent for cash on arrival of merchandise. German exporters usually allow a larger discount for cash, as well as longer terms.

It is impossible to give an accurate estimate of the percentage of the importing done into Switzerland on the various bases of payments; by far the larger portion is doubtless done on time drafts.

SYRIA

Vice Consul D. F. McGonigal, Beirut

The principal imports into Syria from the United States are motor vehicles, automotive accessories, flour (in years of crop failure), wearing apparel (mostly second-hand clothing), kerosene, and hides and leather. The terms granted by foreign and American exporters shipping these products to Syria are discussed separately in the following paragraphs:

Motor vehicles.—American credit terms and the approximate percentage of business done on each basis are as follows: Sight draft, 35 per cent; Time draft (90 days' credit is granted by American acceptance agencies which pay American manufacturers on delivery of documents), 45 per cent; letter of credit, 20 per cent.

An Italian branch in Beirut is shipped on open account, and a French firm ships to its Syrian agent on consignment; sales of other foreign makes are negligible. The terms granted by foreign manufacturers and the approximate percentage relation of the various methods are as follows: Open account, 60 per cent; cash, 1 per cent; sight draft, 10 per cent; consignment, 39 per cent.

Automobile spare parts and accessories.—Terms granted by American manufacturers and approximate percentages of each are as follows: Sight draft, 70 per cent; time draft (drafts at 60 days 20 per cent and drafts at 90 days 10 per cent), 30 per cent. European exporters grant the following terms in the percentages given: Sight draft, 50 per cent; time draft (drafts at 60 days 30 per cent and drafts at 90 days 10 per cent), 40 per cent; consignment, 10 per cent.

Flour.—Foreign flour is usually purchased from commission houses in Alexandria, Egypt; terms in a year of large flour imports are as follows:

American:	Per cent	Foreign:	Per cent
Letter of credit	75	Sight draft	25
Sight draft	25	Time draft (30 days)	75

When imports of flour are small, the terms (both American and foreign) are as follows: Sight draft, 75 per cent; and letter of credit, 25 per cent.

Automobile tires.—American shipments are on the basis of time drafts; it has not been possible to indicate the number of days granted. The terms granted by European tire manufacturers and the approximate proportions are as follows: Open account, 80 per cent; consignment, 20 per cent.

Agricultural equipment.—American terms and the approximate percentage on each basis are as follows: Cash (33 per cent of the order cash and the balance against time drafts running from 4 to 9 months), 55 per cent; time draft (60 days), 45 per cent.

Terms granted by foreign manufacturers of agricultural equipment and the percentage relation of the various methods are as follows: Cash, 10 per cent; sight draft, 40 per cent; time draft (60 days 20 per cent and 90 days 10 per cent), 30 per cent; consignment, 20 per cent.

Wearing apparel.—The greater part of the wearing apparel imported into Syria from the United States consists of second-hand clothing. For wearing apparel in general the following terms are granted in the approximate percentages given:

American:	Per cent	Foreign:	Per cent
Sight draft	75	Sight draft	50
Time draft (60 days)	25	Time draft (from 60 to 90 days)	40
		Letter of credit	10

Hides and leather.—American leather is shipped to Syria on the basis of payment against sight draft, with interest at 4½ per cent from date of shipment to the arrival of funds in United States.

Foreign terms and the approximate percentage on each basis are as follows: Sight draft, 30 per cent; time draft (from 60 to 90 days), 70 per cent.

TRINIDAD

Vice Consul Alfredo L. Demorest, Trinidad

The usual range of time granted to firms of good reputation with whom American exporters have had successful business relations over a period of time are usually 30 to 60 days after sight, documents against acceptance. It is understood that American exporters very often grant longer terms, but the drawees have to pay interest for the extended periods. All others are sold on a cash basis, either cash in New York or drafts drawn at sight collected through Trinidad banks before delivery of shipping documents to consignees.

Discounts (ranging from 2 to 2½ per cent) for cash on arrival of merchandise are usually taken advantage of.

Time drafts are usually as follows: 15 days on drafts covering provisions, 90 days on shipments of hardware, 30 to 60 days on shipments of dry goods, and 120 days on shipments of jewelry.

TUNISIA

Consul Leland L. Smith, Tunis

The usual credit and payment terms in Tunisia for the leading groups of commodities are as follows:

Agricultural machinery and parts.—For light equipment, American firms are generally paid against documents New York or Tunis (*a*) at 90 days from date of invoice; (*b*) at 90 days from acceptance of the document at Tunis; (*c*) at 180 days from date of invoice; (*d*) at 180 days from the acceptance of the documents at Tunis.

Dealers, on the other hand, have to grant long-term credits to their customers on the basis of one-third down, one-third the following year, and one-third the year after.

For heavier equipment, such as tractors and reaper-binders, manufacturers usually allow special terms—for example, machines not sold in one season need not be paid until their eventual sale the next. This encourages dealers to order in excess of normal requirements and enables them to meet sudden demands.

Petroleum products.—The bulk of the importation of petroleum products from the United States is done by direct branches or representatives of the American companies. Other brands are imported on terms which vary from cash at time of shipment or delivery to documents against acceptance.

Automobiles.—Terms vary from cash at time of shipment to documents against acceptance. The time is 90 days, and the dealer pays all bonded warehouse interest and other incidental charges when delivery is taken. French car manufacturers allow their local dealers about 90 days, although theoretically French cars are payable on arrival at Tunis.

Tobacco.—All raw tobacco is purchased through the French monopoly. Terms for cigarettes and cigars are cash at time of shipment up to 30 days after arrival of merchandise.

Manufactures of metal.—Under this heading come automobile accessories, electrical appliances, typewriters and calculating machines, locks, and hardware in general. American firms usually insist upon the opening of an irrevocable confirmed letter of credit on a New York bank. Few examples of credit are to be found.

Competition between France, Germany, Italy, Sweden, and England is intense, and credit or consignment terms are extended the Tunisian dealer of importance. Standard terms allowed by French manufactures are 30 days, end of the month. Consignments are made to responsible firms by all countries, and this method is being especially pushed by Germany and Italy to gain the market.

Rubber.—French terms are 30 to 90 days. Belgian and Italian dealers not only meet these terms but also make consignments to reputable houses.

Groceries and provisions.—Several of the packers of corned beef work on a consignment basis with their local agents. General terms, however, on rice, canned goods, and foodstuffs are time draft, 3 days after sight on arrival of goods. Standard terms are cash against documents. Leading foreign competitors, particularly French, grant standard terms of 30 to 60 days. A consignment basis is generally used for well-established lines for which a good demand exists, especially when handled by a reliable firm.

TURKEY

Commercial Attaché Julian E. Gillespie, Istanbul

Commodity	American terms	European terms
Agricultural implements:		
Small agricultural machinery and implements.	4 to 6 months after sight, documents against acceptance.	6 to 8 months after sight, documents against acceptance.
Tractors and other large agricultural machinery.	Up to 12 months, part of the bills usually bearing an interest charge.	12 to 18 months' credit, on the basis of 15 to 25 per cent, documents against payment, the balance being included in two or several bills whose maturity usually coincides with the crop seasons.
Automotive accessories	60 to 120 days after sight, documents against acceptance.	

Commodity	American terms	European terms
Building material:		
Cement, bricks, iron, and steel construction shapes, black and galvanized iron sheets.		90 days after sight, documents against acceptance.
Glazed tiles		Up to 6 months, documents against acceptance.
Druggists' sundries	90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance.
Electrical supplies		120 to 180 days after sight, documents against acceptance. Some open account by German manufacturers.
Foodstuffs	Letter of credit; or sight draft, documents against payment; some 60 days after sight, documents against acceptance.	60 to 90 days after sight, documents against acceptance.
Coal		Sight draft, documents against payment.
Groceries and provisions		Sight draft, documents against payment; some letter of credit.
Hardware	Up to 90 days after sight, documents against acceptance.	90 to 120 days after sight, documents against acceptance; some open account, settlement within 6 to 8 months.
Hides and leather:		
Hides		Sight draft, documents against payment, with 3 per cent discount; some 90 days after sight, documents against acceptance; some 90-day terms against a bank credit.
Leather	90 to 120 days after sight, documents against acceptance, with interest.	90 to 120 days after sight, documents against acceptance, with interest.
Industrial chemicals		Sight draft, documents against payment; some 60 days sight, documents against acceptance, with 8 per cent interest. Belgian, 90 days after sight, documents against acceptance, with interest; or 50 per cent of the invoice value on a basis of documents against payment and 50 per cent documents against acceptance.
Industrial machinery	90 to 180 days after sight, documents against acceptance, with interest for entire credit period.	6 to 18 months, documents against acceptance, covered by a number of bills, each maturing at intervals of 90 to 180 days, with interest. At times, from 15 to 25 per cent of the invoice value is paid by local importers on a basis of documents against payment.
Jewelry		6 to 18 months after sight, documents against acceptance, payment quarterly or semiannually, free of interest.
Motor vehicles	American standard cash payment. Finance corporations grant 90 days sight, documents against payment and documents against acceptance.	Some 1 to 2 years, documents against acceptance, with interest; others, sight draft, documents against payment.
Notions and novelties	90 days after sight, documents against acceptance.	90 to 150 days after sight, documents against acceptance.
Office equipment	Up to 60 days sight, documents against acceptance.	90 to 180 days after sight, documents against acceptance, without interest.
Paint and varnish		120 to 180 days after sight, documents against acceptance, without interest. Netherlands, linseed oil on 120 to 150 days after sight, documents against acceptance without interest.
Cotton piece goods	Irrevocable letter of credit in America, prior to shipment. A few extend 60 to 90 days after sight, documents against acceptance, without interest.	90 to 120 days after sight, documents against acceptance, without interest; some 180 days after sight, documents against acceptance. Japanese firms demand letter of credit or documents against payment on leading staple goods, terms often being accepted in view of their low prices.
Plumbing and heating equipment.		90 to 180 days after sight, documents against acceptance, without interest.
Printing machinery	Similar to terms for industrial machinery.	Similar to terms for industrial machinery.
Radio apparatus		Open account, or 120 to 180 days after sight, documents against acceptance, without interest.
Sporting goods	90 days after sight, documents against acceptance, without interest.	90 days after sight, documents against acceptance, without interest.
Stationery, books, etc.:		
Stationery		90 to 120 days after sight, documents against acceptance, without interest.
Books		French, 90 days on open account. English- and German, 60 days on open account, and some cash with order.

Commodity	American terms	European terms
Surgical and precision instruments		Open account upon clearance of goods; some 60 to 90 days after sight, documents against acceptance, without interest.
Thread and yarn		90 to 120 days after sight, documents against acceptance.
Cotton thread		120 to 150 days after sight, documents against acceptance, without interest; some lines, documents against payment.
Cotton yarn		Italian, 90 days after sight, documents against acceptance, less 3 per cent cash discount without interest, or 180 days after sight, documents against acceptance, without interest and without discount.

The payment terms granted and governed by local usage are commonly requested by local importers and are usually readily extended by European suppliers of cotton piece goods, hosiery, hardware, construction materials, foodstuffs, leather, druggists' sundries, a number of heavy chemicals, and automotive accessories and spare parts. The payment terms usually granted in the foregoing lines provide for 90 days, documents against acceptance, the acceptance being given by consignees according to local usage, beginning from the date of arrival of the steamer carrying the respective merchandise.

In a number of trade lines, such as agricultural implements and industrial machinery, long credit terms—from 3 to 12 months, documents against acceptance (date of arrival of goods)—are generally extended by European manufacturers, settlement being made on the basis of monthly, quarterly, or semiannual bills, accepted from the date of arrival of goods.

In respect to the credit terms extended to local consignees, it should be noted that except for most raw materials, colonial goods, and industrial machinery, which latter involves very long credit extensions, local consignees are not charged any interest for the more frequent terms of 90 or 120 days, documents against acceptance. Also, in a large number of cases where prolongations are accorded, no interest charges are paid by local drawees.

Another characteristic feature of payment methods followed on this market, and freely offered by European manufacturers and exporters to local consignees, occurs in connection with cash discounts Such discounts are not only requested by local importers, but are actually extended by numerous European firms, even in instances when payment is made on a basis of 60 days, documents against acceptance. On the other hand, occasionally a number of leading (financially strong) firms decline the usual credit terms and offer in turn to effect payment on a basis of documents against payment or sight draft, but claim an exceptional discount of from 3 to 5 per cent according to the commodity.

Finally, a number of leading importers in the wholesale hardware hosiery, and a few other lines, operate only on an open-account basis, demanding that shipping documents be turned over to them free of charge; and upon receipt of such documents they either offer a 90 or 120 day draft, or payment less a cash discount.

Letter-of-credit terms are given only in instances where local concerns find it impossible to secure the desired goods elsewhere at better terms.

As to the credit policy followed by European firms on this market, these concerns are not guided merely by bank reports which they obtain from credit sources in their own country or from local financial institutions, but also, and to a large extent, by the advice which they receive from their local representative commission agents.

The selection of a thoroughly reliable and expert representative plays a very important part in connection with the successful development of business on this market, and it is necessary for foreign manufacturers to be extremely careful in the selection of their agent, rather than of their local customers.

UNION OF SOUTH AFRICA

Assistant Commercial Attaché Edward B. Lawson, Johannesburg

Commodity	Terms
Agricultural implements	120 to 180 days after sight, documents against acceptance.
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Building material	30 to 60 days after sight, documents against acceptance.
Construction machinery	30 to 120 days after sight, documents against acceptance.
Druggists' sundries	30 to 60 days after sight, documents against acceptance.
Electrical supplies	Do.
Footwear	Do.
Groceries and provisions	60 to 90 days after sight, documents against acceptance.
Hardware	Do.
Industrial chemicals	30 to 60 days after sight, documents against acceptance.
Industrial machinery	30 to 120 days after sight, documents against acceptance.
Jewelry	30 to 90 days after sight, documents against acceptance.
Motor vehicles	90 to 120 days after sight, documents against acceptance.
Notion and novelties	30 to 60 days after sight, documents against acceptance.
Office equipment	60 to 90 days after sight, documents against acceptance
Paint and varnish	30 to 60 days after sight, documents against acceptance.
Piece goods	30 to 90 days after sight, documents against acceptance
Plumbing and heating equipment	30 to 120 days after sight, documents against acceptance.
Printing machinery and supplies	30 to 90 days after sight, documents against acceptance.
Radio apparatus	Do.
Railway materials and supplies	90 to 120 days after sight, documents against acceptance.
Sporting goods	30 to 60 days after sight, documents against acceptance.
Stationery, books, etc	Do.
Surgical and precision instruments	Do.
Thread and yarn	30 to 90 days after sight, documents against acceptance.
Tobacco	60 to 90 days after sight, documents against acceptance.
Wearing apparel	30 to 60 days after sight, documents against acceptance.

Inasmuch as South Africa is, to a very large degree, what may be known as an "agency" market, the extension of credit to purchasers is usually supervised by the sales representative of the manufacturer, who is in a position to investigate and determine the quantity of credit which any one purchaser deserves. Cash against documents is the most common method of payment, excepting in those instances when orders are settled by shippers in New York, confirming houses in London, or old, established firms in which unquestioned confidence has been developed.

UNITED KINGDOM

Trade Commissioner James Somerville, jr., London

Commodity	Terms
Agricultural equipment	From 30 to 90 days after sight, documents against acceptance.
Automotive accessories	60 days after sight, documents against acceptance.
Building material	Generally, credit terms seem to be short. Cash against documents is frequent; some 30 or 60 days after sight, documents against acceptance.
Construction machinery	See "Industrial machinery."
Druggists' sundries	30 days after sight, documents against acceptance.
Electrical supplies	30 days after sight, documents against acceptance; some cash against document; discount for cash payment.
Feedstuffs	30 days, with 2 per cent discount for cash.

Commodity	Terms
Fibers, raw	This relates primarily to cotton, which is sold in England almost entirely through brokers, and at the recognized Exchange (Liverpool). The broker makes payment only when the deliveries have been sold and paid for. Exporters have banks finance their shipments.
Flour	30 days after sight, documents against acceptance; discount of 2 per cent for cash.
Fresh fruit and vegetables	Frequently consignment, in which case the shippers have to rely upon the banks for finance until the consignee makes a sale, when the latter releases the goods from the warehouse by payment of the proportionate amount of the advance, remitting the balance on monthly account. Direct buying is on a prompt cash basis. In some instances an irrevocable credit is opened in America, against which the shipper draws on presentation of documents; in other instances payment is made against documents on the arrival of the shipment in England.
Fuel, oils, etc	Irrevocable letter of credit in America, against which the shipper can draw against documents to the extent of 75 to 80 per cent. The balance of 20 to 25 per cent is payable only upon the discharge of the cargo and the issue of a recognized certificate of quantity. Most of this trade is subject to sales under standardized contract.
Groceries and provisions	From 30 to 90 days after sight, documents against acceptance; many variations.
Canned goods	For business that is done through brokers, sales are usually made on a c. i. f. basis, 3-day sight draft. In the last few years there has been more and more of the canned-fruit business from the United States done through agencies controlled by or acting exclusively for the packer, in which case terms of sale are matters for internal arrangement. In such cases goods are generally kept in warehouses by the agent of the shipper, and sales are made to buyers on the basis of 1 per cent discount in 5 days, or 30 days net; such contracts often call also for extended delivery over a period of time.
Confectionery	The usual method is by 30-day acceptances. Bills are drawn by the American shipper at 30 days from date, and are accepted by the British importing house as soon as they are presented by the bank. The difference between this and the sight drafts, customary in respect to other commodities, should be noted. It is customary to allow a discount of 2 per cent.
Dried fruits	The terms are generally similar to those for canned fruits, but a much larger proportion of the business is done through brokers. Even as regards packers with exclusive agents, sales are generally made before shipment.
Honey	8-day sight draft, or cash against documents.
Rice	Cash against documents, London. Should the documents arrive before the shipment, it is customary for the bank through which they are transmitted to hold them pending arrival of the consignment.
Hardware	From cash against documents English port, up to 30 days after sight, documents against acceptance.
Industrial chemicals	Frequently irrevocable credits in New York, against which the shipper draws; in some instances, cash against documents English port. Occasionally 30 days after sight, documents against acceptance.
Industrial machinery	For machines which are shipped ready assembled (such as textile, woodworking, metal working, and similar), from 30 to 120 days after sight, documents against acceptance. For plant which has to be erected and assembled in Great Britain, the terms sometimes provide for a percentage to be paid with order, a further percentage payable generally on completion of erection, while the balance is frequently payable over a period. In other cases payment of 70 to 75 per cent is made on delivery, the balance being paid on completion of final tests.
Jewelry	Cash on delivery to 90 days after sight, documents against acceptance.
Metals	Metals are mostly sold on the London Metal Exchange, and are subject to the standard contracts applying to tin, copper, and lead, smelted. Sales are conducted by brokers and dealers, and generally the exporters have banks finance until consignments are sold, when the bank releases the goods held under lien, against proportionate payments; and prompt remittance of the balance, less brokerage, is made by the broker.
Motor vehicles	Practically all the motor vehicles imported into Great Britain by American manufacturers are sold through the London offices of the manufacturers.
Notions and novelties	30 to 60 days after sight, documents against acceptance.
Office furniture	From cash against documents, English port, to 60 days after sight, documents against acceptance. A discount sometimes is given for cash.
Office equipment	30 to 60 days after sight, documents against acceptance.
Packing-house products	Cash against documents to 30 days after sight, documents against acceptance.
Paint and varnish	Cash against documents, English port; sometimes 30-day sight draft is given. Some cash against documents American ports.
Piece goods	From cash against documents, English port, to 30 days after sight, documents against acceptance.
Printing machinery and supplies.	Some shipped cash against documents, New York; others up to 60 days sight, documents against acceptance.
Radio apparatus	Cash against documents New York.
Sporting goods	Up to 60 days after sight, documents against acceptance. Discount is often allowed for cash.
Surgical and precision instruments.	From cash against documents, English port, to 60 days after sight, documents against acceptance.

Commodity	Terms
Theater equipment	Special equipment is sold part payment with order, part payment on delivery, and the balance within 30 days; other, 30 days after sight, documents against acceptance.
Tobacco	Generally handled by recognized brokers, in which case shipments are financed by bankers, who are reimbursed by brokers upon sale, the balance then being transmitted to the shipper; otherwise cash against documents.
Wearing apparel	Up to 30 days after sight, documents against acceptance.

URUGUAY

Commercial Attaché Clarence C. Brooks, Montevideo

Commodity	Terms
Agricultural equipment	90 to 180 days after sight, documents against acceptance.
Automotive accessories	60 to 90 days after sight, documents against acceptance.
Building material	60 days after sight, documents against acceptance.
Construction machinery	90 days after sight, documents against acceptance.
Druggists' sundries	60 to 90 days after sight, documents against acceptance.
Electrical supplies	60 days after sight, documents against acceptance.
Footwear	Do.
Fresh fruits and vegetables	Sight draft, documents against payment.
Fuels	Consignment.
Groceries and provisions	30 to 120 days after sight, documents against acceptance.
Hardware	60 days after sight, documents against acceptance.
Leather	60 to 90 days after sight, documents against acceptance.
Lumber	Sight draft, documents against payment; large orders 30 to 60 days after sight, documents against acceptance.
Industrial chemicals	60 to 90 days after sight, documents against acceptance.
Industrial machinery	90 days after sight, documents against acceptance.
Jewelry	Do.
Motor vehicles	Letter of credit.
Notions and novelties	60 to 90 days after sight, documents against acceptance.
Office equipment	90 days after sight, documents against acceptance.
Packing-house products	30 days after sight, documents against acceptance.
Paint and varnish	Do.
Paper and paper products	90 days after sight, documents against acceptance.
Piece goods	60 days after sight, documents against acceptance.
Plumbing and heating	30 to 60 days after sight, documents against acceptance.
Printing machinery and supplies	Do.
Radio apparatus	60 to 90 days after sight, documents against acceptance.
Rubber tires	Consignment.
Sporting goods	Sight draft, documents against payment.
Surgical and precision instruments	60 to 90 days after sight, documents against acceptance.
Theater equipment	30 days after sight, documents against acceptance.
Thread and yarn	60 to 90 days after sight, documents against acceptance.
Tobacco	Sight draft, documents against payment.
Wearing apparel	60 days after sight, documents against acceptance.

When no credit is asked or granted, business is done on a basis of cash against documents through Montevideo banks. Many American firms ship on basis of cash against delivery of documents at port of shipment, or cash against documents through Montevideo banks, when dealing with new customers, until such time as the latter can establish a credit rating. A number of the large importing houses prefer cash arrangements when these result in lower invoice prices. Excepting tires, fuels, and motor vehicles, however, it is estimated that 80 per cent of the merchandise imported into Uruguay is covered by 30 to 90 day sight drafts.

British and French exporters, particularly the latter, appear to be granting more liberal terms than American firms, but other foreign competitors are, for the most part, selling on 30 to 90 day sight drafts. British shippers of provisions, foodstuffs, and packing-house products sell on long terms or open account, while in many other lines they are giving terms of 90 days after sight. French exporters sell on terms of 60 to 120 days after sight and freely grant extensions.

Prices quoted to firms should be c. i. f. Montevideo. When this is impracticable, quotations should be f. o. b. vessel, port of shipment, for firms in Uruguay have no means of readily ascertaining inland freight charges, loading and transfer fees, and other expenses involved.

VENEZUELA

Assistant Trade Commissioner Rolland Welch, Caracas

Commodity	Terms
Agricultural equipment	Some 30, more 60 to 90 days after sight.
Automotive accessories	Do.
Building material	Some 30, more 60 to 90 days, and sometimes on heavy material, large orders, or preferred clients, even longer.
Construction machinery	Some 30, more 60 to 90, and on heavier machinery, large orders, or to reliable customer, 120 days or longer.
Druggists' sundries	30, 60, and 90 days after sight.
Electrical supplies	Do.
Foodstuffs	Cash with order on some perishables where attractive discounts are asked for such payment, sight draft for similar products and for like reasons, 30 and 60 days on other foodstuffs.
Fibers, raw	30 and 60 days after sight.
Flour	Some mills are selling cash with order or cash in New York at time of shipment, by offering discount of 25 cents a bag; also sight draft, with discounts of about 15 cents a bag; some, 30 days.
Footwear	Very little imported because of high duties; sight, 30 and 60 days after sight.
Fresh fruits and vegetables	Sight. One firm during good business here in fresh fruit sells on open account to stable and approved firms. It thus saves collection charges and believes its losses are less. This company gets cash on delivery whenever it can, however.
Fuels, ores, etc	Sight, and 30 and 60 days after sight.
Furniture	Practically none sold here because of high duties; 30 to 60 days after sight.
Groceries and provisions	30 days, usually; some, 60 days after sight.
Hardware	60 to 90 days after sight.
Hides and leather	Some 30, more 60, and some 90 days after sight.
Industrial chemicals	60 and 90 days after sight.
Industrial machinery	90 to 120 days after sight.
Jewelry	30 to 60 days after sight.
Motor vehicles	On installment sales to local buyers, from factory to local dealers or distributors on special arrangements.
Notions and novelties	Some sight draft, usually 30 days; sometimes 60 days after sight.
Office equipment	30, 60, and 90 days after sight.
Packing-house products	Sight draft, 30 days; some 60 days after sight.
Paint and varnish	30 and 60 days after sight.
Piece goods	Do.
Plumbing	30, 60, and 90 days after sight.
Printing machinery and supplies	Do.
Radio apparatus	30 and 60 days after sight.
Railway material and supplies	60, 90, and 120 days after sight.
Sporting goods	30 and 60 days after sight.
Stationery, books, etc	Do.
Surgical and precision instruments	Do.
Theater equipment	Sight draft, 30 and 60 days; some, 90 days after sight.
Thread and yarn	30 and 60 days after sight.
Tobacco	Do.
Wearing apparel	Rarely imported; 30 and 60 days after sight.

Credit terms do not vary greatly according to different commodities, but they do vary greatly as between different exporters.

Little merchandise is sold cash with order, cash at time of shipment, or with letters of credit. Local importers want terms and will pay cash with order, cash at time of shipment, or through the use of letters of credit, only when considerable concessions are made as to discounts.

More goods probably are shipped on time draft than on sight draft. Importers paying at sight usually do so to take advantage of some special discount offered for such payment.

Time drafts run 30, 60, and 90 days—sometimes a little longer. Drafts drawn "days date" are seldom used. Also, drafts drawn "days sight" are interpreted to mean "days after acceptance" or after the

receipt of merchandise by consignee. Drafts should not be sent with documents against acceptance, since the goods can be got without original documents, merely by paying a fine which will be charged back against shipper. The exception is in consigning merchandise to a customs broker.

Manufacturers and exporters frequently find themselves in difficulty in trying to protect their interests and insure the collection of drafts, erring in the matter of consignment of merchandise and the forwarding of documents.

Under the Venezuelan law the buyer or consignee is owner of the goods, regardless of whether he has paid for them or not. Importers have the right to obtain the goods before they accept the drafts. Shippers' order, bills of lading, and documents sent with drafts against acceptance are of little avail. The consignee does not have to have the original bill of lading and export declaration in order to get the goods. The law provides that documents must be presented to the customhouse within 3 days after the arrival of the merchandise. Fines are charged for delay in doing this. The fine amounts to 25 bolivars, plus 5 bolivars for every days' delay. If the consignee has not the original documents in that length of time, the law provides that he can have copies made from the customhouse documents and that he can obtain the goods on these copies. He is charged 15 bolivars for having the copies made, but this is returned to him if he later presents the originals. If documents are sent to banks with drafts, the consignee usually goes to the customs authorities, has the necessary copies made, pays for them, obtains the goods, and then charges the exporter or manufacturer for the additional expense. Merchandise can not be consigned to local banks.

When the banks receive drafts they call upon the consignee for acceptance. He frequently replies that he has not yet received and checked the goods. It takes from 8 to 15 days—frequently longer—for him to clear the goods after arrival. All the assistance the exporter or manufacturer can lend to have the goods cleared promptly is to see that his documents and export declarations are sent down promptly and correctly.

In many lines foreign competitors offer better terms and larger discounts than American manufacturers offer. This is done to compensate in a measure for the longer time required in filling orders and making deliveries. It has little influence, however, on buyers. In Venezuela most importers will pay a little more, and meet more stringent payment requirements, in order to insure quick receipt of merchandise.

The speed with which American manufacturers can fill orders and get the goods to Venezuela is one of the strongest selling points for their merchandise, and American concerns should bear this in mind. There are very few importing distributors in this country, and most merchandise is shipped direct from the factory to the wholesaler or the retailer.

Most of the large concerns importing on their own account sell wholesale as well as retail, and frequently employ traveling salesmen who tour the entire country selling for American manufacturers merely as agents on commission.

On the other hand, there are numerous sales agents, carrying no stock at all, with limited capital, who sell for American manufacturers

solely on commission. These agents usually own automobiles and employ other salesmen to cover the entire country. Many of these agents also employ subagents in other trade centers of the country. The latter sell for a part of the commissions paid.

Business practices and laws in Venezuela differ considerably from those of other countries. American manufacturers and exporters doubtless would save themselves considerable trouble and money by familiarizing themselves with conditions in general before they endeavor to enter this market.

YUGOSLAVIA

Consul Stewart E. McMillin, Belgrade

Commodity	Terms
Agricultural machinery and equipment	Protected credits up to 3 years.
Automotive accessories	90 to 180 days; Italian firms offer consignment.
Building material	120 days.
Construction machinery	Usually Government business.
Druggists' sundries	90 to 120 days.
Electrical supplies	90 to 180 days.
Feedstuffs	180 days.
Fibers, raw	120 to 180 days.
Flour	14 to 60 day acceptances.
Footwear	Usually 90 to 180 days.
Fruit and vegetables	30 days.
Furniture	Consignment, or up to 340 days on open account.
Fuel and ores	30 to 90 days.
Groceries and provisions	Up to 180 days.
Hardware	90 to 120 days.
Hides and leather	Do.
Industrial chemicals	Do.
Jewelry	Cash, or long-term payments.
Notions and novelties	180 days.
Office equipment	Do.
Packing-house products	120 days.
Plumbing and heating equipment	60 to 90 days.
Piece goods	120 to 180 days.
Printing machinery	1-year acceptance.
Radio apparatus	Bulk of radio is sold by branches of manufacturers.
Sporting goods	180 days.
Surgical and precision instruments	120 to 180 days.
Thread and yarn	60 to 120 days.
Tobacco	Government monopoly.

Probably 80 per cent of the shipments coming from the United States are being paid against time drafts. For imports from all sources probably 40 per cent of the terms of payment are met in this way. Most time drafts are on the basis of documents against acceptance, the term of credit in such cases ranging from 120 to 180 days. Letters of credit account for about 10 per cent.

An open account in Yugoslavia does not mean that goods are shipped without any agreement as to time. An agreement is made with the lapse of time for credit indicated. For instance, an open account payable _____ days after date of invoice is possible. In open-account cases the seller, when the term indicated in the arrangement expires and the purchaser has not settled his obligation, may either extend his time limit or sue the purchaser. In case the matter reaches court, the seller may have to wait a year or a year and a half, or more, and may then get only a part of his money. "Open account" is granted, then, only after very careful investigation of the standing of the purchaser, usually large firms with firmly established reputation. It is reported that German firms do about 70 per cent of their business with Yugoslavia on an open-account basis.

On open account the time of the credit is always shorter than in the case of "acceptance." The former runs from 30 to 90 days, while acceptance often covers 90 or 120 to 180 days. But firms often prefer to wait 4 to 6 months, or more, if sure to be paid in time, than to wait for only 1 month with a risk of having payment delayed and having to wait in the end for months or years. If, in case of acceptance, payment is not made in time, it is possible to sue and to obtain payment within 30 to 40 days as compared with 1 or 2 years in the case of open account.

Another factor to be considered is that business done in easily and quickly salable goods is nearly always handled with acceptances, while merchandise which requires continued effort to be sold, or where competition is great and the demand irregular or dull, is offered for sale on open account. Probably 50 to 55 per cent of all business is done under terms of open account, while some 4 per cent is done for "cash" and some 40 per cent under time draft with acceptance.

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